TRADING SECURITY:
UNDERSTANDING EAST ASIAN SECURITY-TRADE LINKAGES IN THE TWENTY-FIRST CENTURY

A thesis

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ABSTRACT

In the contemporary East Asian security context, free trade is a double-edged sword that simultaneously secures and threatens the primary security referents vis-à-vis interests of periphery and semi-periphery states. This thesis aims to provide a much deeper and comprehensive understanding of the linkages between security and free trade by examining the experiences of smaller and weaker countries in East Asia, in particular, Taiwan, Singapore, the Philippines, and Malaysia. I argue that in their quest to enhance, promote, and secure their state-centric ("statist") and/or people-centric ("humanist") security referents, these countries have learned to re-imagine and re-invent the utility of free trade in the twenty-first century. Accordingly, free trade has become an integral function of national security, particularly for East Asian states that have a marginal geo-economic size and geo-political position. However, to this point very little has been done to explore and explain these linkages based on the overarching assumption of "cohabitative security" or the view that security in the twenty-first century encompasses both statist and humanist dimensions. Furthermore, there is a dearth of comprehensive theoretical and empirical analyses concerning linking efforts and strategies especially by the non-major powers in East Asia. This thesis attempts to address those gaps.

Using a qualitative comparative method, I analyse both statist and humanist forms of security-trade linkages. I examine how small East Asian countries utilise free trade to promote, enhance, and secure the primary referents of their national security policies and strategies. I then investigate the roles of security issues and threats (both traditional and non-traditional) in the continuing relevance and proliferation of free trade in the region. To fulfill these objectives, the thesis performs two main tasks. First, I theoretically reconfigure the security concept by amalgamating the statist and humanist dimensions of security to establish a "cohabitative security" framework that will serve as the operative definition of security for this research. Second, I empirically analyse the linkages between cohabitative security referents (statist and humanist) vis-à-vis the various types of free trade (multilateral, minilateral, and bilateral). I then outline three main themes based on the findings generated from the case analyses: (i) high levels of internal and external insecurity; (ii) the multidimensional and multidirectional nature of security concepts, contexts, and threats; and (iii) marginal geo-economic size and geopolitical position.

The thesis concludes by arguing that free trade is irrefutably being utilised by periphery and semi-periphery countries to promote, enhance, and secure their statist and/or humanist security referents and interests. The rationales and motives behind these linkages vary significantly from one country to another. For example, in Taiwan, free trade might be viewed as a sovereignty-upgrading mechanism; in Singapore, a defence-upgrading tool; in the Philippines, a development-upgrading instrument; and in Malaysia, a diversity-upgrading apparatus. However, it is important to note that while the constructed rationales for these linkage efforts usually sound altruistic (that is, to advance national security interests) the real motives behind them are often less than benevolent (that is, to advance a regime, a party, or a privileged group's vested interests).

Furthermore, the steady proliferation of preferential bilateral and minilateral free trade amid all the difficulties impeding multilateral trade at the WTO has provided small countries in East Asia a strategic platform for pursuing a broad range of national security referents vis-à-vis interests - altruistically or otherwise. However, considering that free trade works like a double-edged sword, I make the corollary argument that states attempting to co-habit their security interests and free trade agendas are essentially "trading security". The reason is that for every additional security that a linkage provides, a corresponding insecurity is reflected in other referents. This is clearly illustrated by the four cases examined in the study. With respect to "statist linkages", Taiwan's linkage efforts can lead to the island's complete assimilation with China; while Singapore's linkage attempts may result in the city-state's failure to strategically balance American and Chinese interests in the region. With respect to "humanist linkages", the Philippines' linkage attempts have preserved uneven economic development and reinforced the oligarchic system and patronage culture; while Malaysia's linkage efforts have perpetuated racial inequalities and further legitimised the UMNO-led *Barisan Nasional*.

Finally, in attempts to address both traditional and non-traditional security threats, East Asian countries (via their membership in APEC and ASEAN) have made some noteworthy progress in broadening and widening the respective agendas of these two regional organisations. Despite the limitations of their compliance mechanisms (or even the lack of them in some issue areas), the fact that both state and human security issues are now being openly discussed in relation to free trade underlines the ongoing progress toward East Asian linkages.

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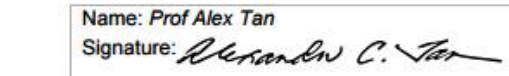
Signature: 

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(Full texts are available at the end of this thesis)

A total of six journal articles have been previously published based on the materials included in various chapters of the thesis. These are the following:

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2. Magcamit, M. (2015) 'Games, Changes and Fears: Exploring Taiwan's Cross-Strait Dilemma in the Twenty-first Century', *Journal of Asian Security and International Affairs,* 2(1): 1 92-115. doi: 10.1177/2347797014565297, Sage (based on the material in Chapter 4).
3. Magcamit, M. (2015) 'Trading in Paranoia: Exploring Singapore's Security-Trade Linkages in the Twenty-first Century', *Asian Journal of Political Science*, 1-23. doi: 10.1080/02185377.2014.999248, Taylor&Francis (based on the material in Chapter 5).
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5. Magcamit, M. (2015) 'A Costly Affirmation: Exploring Malaysia's One-Sided Domestic Security Dilemma', *Asian Affairs: An American Review*, 42(1), 22-45. doi: 10.1080/00927678.2015.999516, Taylor&Francis (based on the material in Chapter 7).
6. Magcamit, M. (2014) 'A Case for Cohabitative Security: The Philippine and Malaysian Experience', *Journal of Human Security,* 10(1), 32-45. doi: 10.12924/johs2014.10010032, Librello (based on materials in Chapters 1, 4 and 5

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> One time, when I was very little, I climbed a tree and ate these green, sour apples. My stomach swelled and became hard like a drum, it hurt a lot. Mother said that if I'd just waited for the apples to ripen, I wouldn't have become sick. So now, whenever I really want something, I try to remember what she said about the apples.
>
> — Khaled Hosseini, *The Kite Runner*

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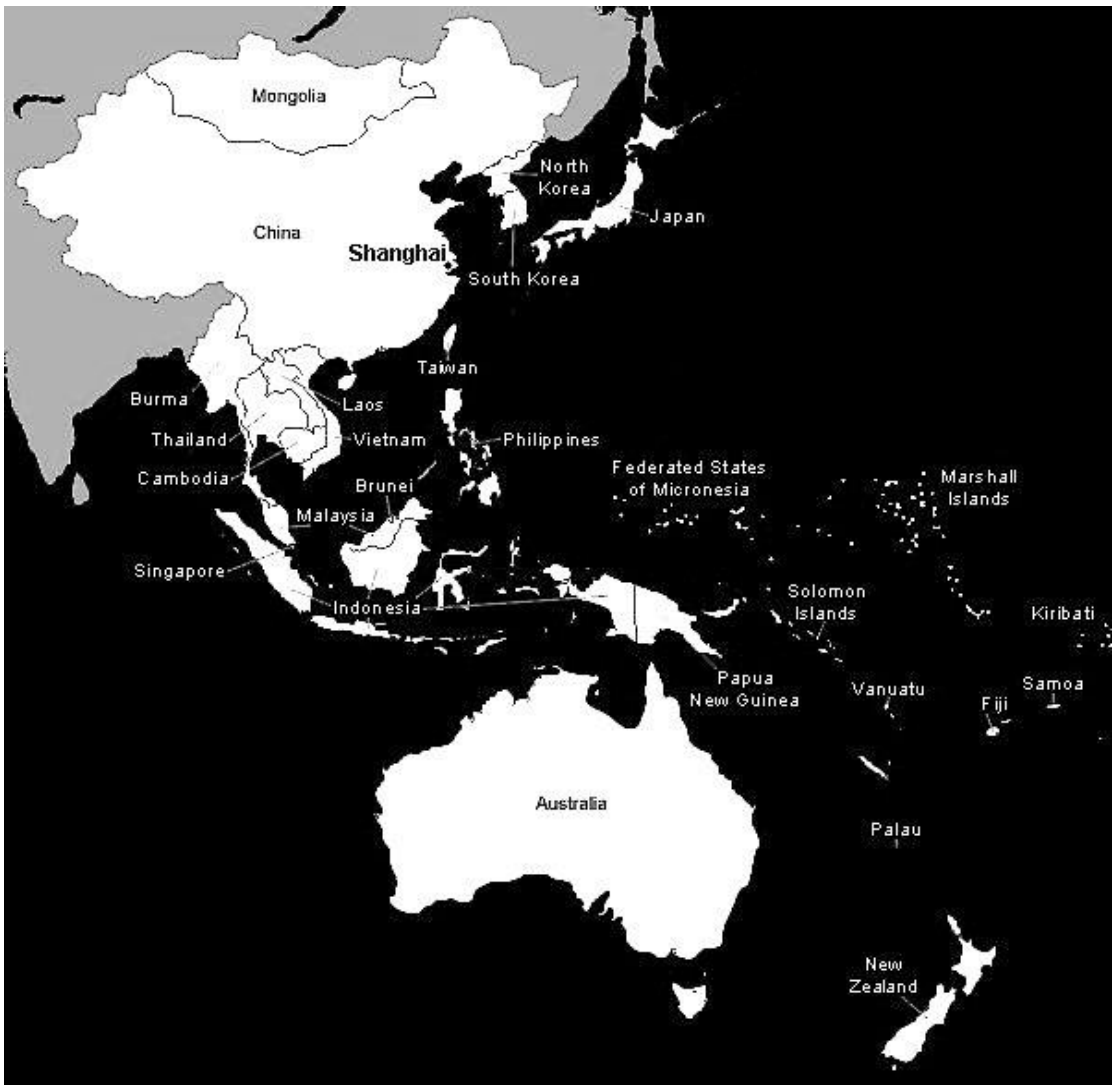
ABBREVIATIONS

AANZFTA	Australia-New Zealand Free Trade Area
AAP	Affirmative Action Policies
ACEPT	ASEAN Common Effective Preferential Tariff
ACFTA	ASEAN-China Free Trade Area
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AFP	Armed Forces of the Philippines
AFTA	ASEAN Free Trade Area
AIFTA	ASEAN-India Free Trade Area
AJFTA	ASEAN-Japan Free Trade Area
AKFTA	ASEAN-Korea Free Trade Area
ANZTEC	Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation
APC	Asia and Pacific Council
APEC	Asia-Pacific Economic Cooperation
APSC	ASEAN Political-Security Community
APT	ASEAN Plus Three
APTA	Asia-Pacific Trade Agreement
ARF	ASEAN Regional Forum
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
ASTEP	Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership
BN	*Barisan Nasional* (Malaysia)
CBM	Confidence-building Measures
CCNA	Coordination Council for North American Affairs (Taiwan)
CCT	Conditional Cash Transfers
CEPA	Closer Economic Partnership Arrangement
CEPT	Common Effective Preferential Tariff
CGE	Comparative General Equilibrium
CPC	Communist Party of China
CPI	Corruption Perception Index
CSFTA	China-Singapore Free Trade Agreement
CSM	Cohabitative Security Model
CSSTA	Cross Strait Services Trade Agreement (Taiwan)
DCFTA	Deep and Comprehensive Free Trade Area
DDA	Doha Development Agenda
DND	Department of National Defense (Philippines)
DPP	Democratic Progressive Party (Taiwan)
DSU	Dispute Settlement Understanding
EAEG	East Asian Economic Grouping
EAS	East Asian Summit
ECFA	Economic Cooperation Framework Agreement
EFTA	European Free Trade Association
EPA	Economic Partnership Agreement
ESI	Energy Security Initiative
ETITF	Energy Trade and Investment Task Force
ETP	Economic Transformation Programme
EU	European Union

EWG Energy Working Group
FCZ Free Commercial Zones
FDI Foreign Direct Investments
FGS Focus on Global South
FIZ Free Zone Act
FTA Free Trade Agreement
GATS General Agreements on Trade in Services
GATT General Agreement on Tariffs and Trade
GDP Growth Domestic Product
GLC Government-lined Companies (Singapore)
GNP Gross National Product
GSM Global Social Movements
GTP Government and the Transformation Programme
HDR Human Development Report
HRW Human Rights Watch
HSN Human Security Network
ILO International Labour Organisation
IMF International Monetary Fund
IOS International Organization of Standards
ISA Internal Security Act
JPEPA Japan-Philippines Economic Partnership Agreement
JSEPA Japan-Singapore 'New Age' Economic Partnership Agreement
KMT Kuomintang Party (Taiwan)
LEP Look East Policy
MAC Mainland Affairs Council (Taiwan)
MDSD Most Different Systems Design
MERCOSUR Southern Common Market
MIDA Malaysian Industrial Development Authority
MINDEF Ministry of Defence (Singapore)
MNC Multinational Corporation
MPH Make Poverty History
MSSD Most Similar Systems Design
NAFTA North American Free Trade Agreement
NAPC National Anti-Poverty Commission (Philippines)
NDP National Development Policy
NEAC National Economic Action Council (Malaysia)
NEDA National Economic Development Authority (Philippines)
NEM New Economic Model
NEP New Economic Policy
NGO Non-government Organisations
NSC National Security Council (Philippines)
NSCS National Security Coordination Secretariat (Singapore)
NSPS National Security Policies and Strategies
OECD Organization for Economic Cooperation and Development
OFW Overseas Filipino Workers
PAP People's Action Party (Singapore)
PAS Pan-Malaysian Islamic Party
PDAF Priority Development Assistance Fund
PDP Philippine Development Plan
PRC People's Republic of China
PRO Primary Referent Object

PTA	Preferential Trade Agreement
RCEP	Regional Comprehensive Economic Partnership
ROC	Republic of China
ROO	Rules of Origin
RTA	Regional Trade Agreements
SATO	Southeast Asia Treaty Organization
SOSMA	Security Offences Special Measures Act
STAR	Secure Trade in APEC's Region
TIFA	Trade and Investment Framework Agreements (Taiwan)
TNC	Transnational Corporation
TPKM	Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Taiwan)
TPP	Trans-Pacific Partnership Agreement
TPR	Trade Policy Review
TRM	Tariff and Related Matters
TRP	Tariff Reform Programme
TWSC	Third World Studies Centre (Philippines)
UMNO	United Malays National Organisation
UMNO	United Malays National Organisation (Malaysia)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNSC	United Nations Security Council
USIFTA	United States-Israel Free Trade Agreement
USJFTA	United States-Jordan Free Trade Agreement
USSFTA	United States Singapore Free Trade Agreement
USSFTA	United States–Singapore Free Trade Agreement
WGI	Worldwide Governance Indicators
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

Map of the Asia-Pacific Region



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Chapter 1
INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Since the beginning of the mercantilist period in the sixteenth century, security experts and trade analysts have recognised the profound and multifaceted relations between their respective domains. Although some liberal economists normally prefer to exclude politics from their analyses, they strongly acknowledge the underlying connection between security and trade in the foreign policies of sovereign states. Along with the evolution of the global security environment comes the emergence of new forms of trade arrangements. As time goes by, linkages between the security realm, on the one hand, and the trade realm, on the other, have become more complex than ever before.

The significant bulk of research on the security-trade nexus has emphasised relationships between the level of economic interdependence and the incidence of interstate conflicts. While some analysts have tested whether higher levels of economic interdependence lead to lower rates of conflict, others have investigated whether higher rates of conflict diminish the overall level of economic interdependence.[1] Despite the employment of highly sophisticated statistical techniques when analysing the relations between trade and conflict, for the most part findings remain inconclusive.

This context has led V. K. Aggarwal and Kristi Govella (2013) to posit that the operationalisation of the terms "trade" and "conflict," on the one hand; and the identification of "relevant" cases, on the other, to influence the quality and type of results being generated by the studies. Such assertion is particularly true in terms of the contradicting results derived from dyad-level quantitative studies of the effects of trade with respect to international conflict behaviour. While some researchers find that bilateral trade increases the likelihood of militarized interstate disputes (MIDs), others offer evidence that bilateral trade reduces the probability of MIDs in economically liberal

[1] See for example, Hiscox's (2002) *International Trade and Political Conflict: Commerce, Coalitions, and Mobility;* Pevehouse's (2004) 'Interdependence Theory and the Measurement of International Conflict'; Mansfield and Pollins' (2003) *Economic Interdependence and International Conflict*; Gerace's (2004) *Military Power, Conflict, and Trade;* Kim and Rousseau's (2005) 'The Classical Liberals Were Half Right (or Half Wrong): New Tests of the Liberal Peace, 1960-88'; Ward et al's (2007) 'Disputes, Democracies, and Dependencies: A Reexamination of the Kantian Peace'; Maoz's (2009) 'The Effects of Strategic and Economic Interdependence on International Conflict across Levels of Analysis'; Coppolaro and McKenzie's (2013) *A Global History of Trade and Conflict Since 1500;* Pettis' (2013) *The Great Rebalancing: Trade, Conflict, and the Perilous Road Ahead for the World Economy.*

dyads.[2] The primary source of inconsistency has been the subject of considerable debate – differences in data collection; econometrics and model specification; control variables; and the choice of temporal and spatial domain (Barbierie and Schneider, 1999; Gartzke and Li, 2003).

Erik Gartzke and Quan Li (2003: 567) have argued "discrepant results about interdependence and conflict can be explained by variable construction, even without data inconsistencies." In other words, incongruent findings can be partly explained by features inherent in the variable constructions used by the competing approaches. Accordingly, the manner through which the researchers construct measures of dyadic interdependence determines the types of outcomes generated by their empirical analyses of the relationship between trade and conflict. However, Katherine Barbieri et al. (2009: 488) questions such approach by illustrating how the issue of missing data distorts the analysis of the relationship between trade and conflict by generating results that "may paint a picture that stands in sharp contrast from reality." Arguing that no one has found the optimal solution to the problem of missing data, they have introduced the Correlates of War (COW) Trade Data Set, which includes dyadic and national trade figures for state system members for the period 1870–2006.[3]

Meanwhile, Han Dorussen (2006) maintains that not all trade is the same and considers that trade in some goods have a bigger impact on the likelihood of conflict than trade in others. By studying trade per industrial sector, he is able to account for the heterogeneous (varying) effects of trade on conflict while simultaneously moving away from the assumption that nation-states act externally as unitary and rational actors on behalf of their constituents. In the words of Dorussen (2006: 104), "economic interdependence mobilizes a large number of interests that vary not only greatly in their influence on government but also in their preferred policies."

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[2] For the former argument, see Barbieri's (1996) 'Economic Interdependence: A Path to Peace or a Source of International Conflict?'; and Barbieri and Levy's (1999) 'Sleeping with the Enemy: The Impact of War on Trade.' For the latter argument, see, Oneal et al., 'The Liberal Peace: Interdependence, Democracy, and International Conflict'; Oneal and Ray's (1997) 'New Tests of the Democratic Peace: Controlling for Economic Interdependence'; Oneal, and Russett's (1999) 'Assessing the Liberal Peace with Alternative Specifications: Trade Still Reduces Conflict; see Bennett and Stam's (2000) 'Research Design and Estimator Choices in the Analysis of Interstate Dyads'; and Gartzke et al. (2001) 'Investing in the Peace: Economic Interdependence and International Conflict.'

[3] The set includes three files: (1) dyadic trade statistics; (2) national trade statistics; and (3) a codebook that describes the variables and details about the collection procedures. The majority of the post-WWII data for the COW Trade Data Set was obtained from the IMF's Direction of Trade Statistics (DOTS) (IMF CD-ROM, 2007. See, Barbieri et al. (2009) 'Trading Data: Evaluating our Assumptions and Coding Rules.'

Mixed results have also been generated with the analysis of impacts of conflict on aggregate levels of trade. While some experts have argued that the presence of conflict adversely affects trade, others have suggested that there is no evidence of systematic relations between the two variables. For example, Charles Anderton and John Carter (2001: 455) argue "trade promotes peace by raising the cost of war." Although the results generated are far from being homogenous (or the same across all samples), nevertheless the weight of evidence supports the trade disruption premise. Hence, it underscores the liberal hypothesis that "war carries with it an opportunity cost of forgone trade" (Anderton and Carter, 2001: 455). Their findings were further substantiated by John Oneal et al's (2003: 371) investigation of the causes of peace, whose argument was that "economically important trade does have a substantively important effect in reducing dyadic militarised disputes, even with extensive controls for the influence of past conflict." Oneal et al. (2003: 387) is convinced "the pacific benefits of democracy and trade are statistically significant, substantively important, and robust."

However, these conclusions have been criticised from various points. Katherine Barbieri and Jack Levy (2003) directly challenged Anderton and Carter's findings by claiming that the latter have gone too far when suggesting that the weight of evidence favours the trade disruption premise. They cite three main reasons for arriving at this conclusion: (i) the lack of attention on the political dimension of either trade or war; (ii) the attribution of greater specificity to commercial liberal theory than what actually exists; and (iii) the mixed support for liberal theory generated by empirical findings (Barbieri and Levy, 2003: 619).

Another important dimension of the security-trade relationship that is relatively well explored is the role of military alliances and partners with respect to the trade activities of states. These studies assess whether the overall levels and patterns of trade are determined by alliances and partnerships. Based on Aggarwal and Govella's (2013: 2) review, most findings imply "trade does not always follow the flag." Put differently, the manner with which alliances and partnerships affect trade is contingent on other important factors including the type of trade and the form of grouping. For example, Joanne Gowa and Edward Mansfield (2004: 775) contend "alliances can support an optimal level of trade when scale economies rather than differences in relative factor endowments motivate it."

Meanwhile, Andrew Long (2003: 537) demonstrates that "defense pacts are associated with higher trade among alliance members, but that trade between members

of non-defense pacts is statistically indistinguishable from trade between non-allies." Long, together with his colleague Brett Leeds (2006: 445) offer a two-pronged hypothesis about the relation between trade and alliance formation. First, allies whose agreements include economic provisions tend to trade more than both non-allies and allies who have not indicated economic links as part of their alliance. Second, allies who decide not to tackle economic issues explicitly in their alliance treaties, trade neither more nor less than the non-allies. This is statistically insignificant.

A third and growing area of research focuses on the linkages between security and trade, particularly with respect to preferential free trade agreements (FTAs). One of the most recent studies is Aggarwal and Govella's (2013) typology of issue-linkages based on the agenda-setting process linking security issues to trade. They argue "the notion of linkage nature reflects the intellectual basis for the issue connection" (Aggarwal and Govella, 2013: 10). They identify four types of linkages that fall into two general categories: substantive and tactical. On the one hand, substantive linkages refer to the economic-based linking of two highly related issues within a trade agreement, and, therefore have a significant degree of intellectual coherence. On the other, tactical linkages pertain to the power-based linking of distinctly unrelated issues within trade accords, and as such they may engender greater conflict between the initiator (or "offerer") and the target (or "offeree") states.

However, there are instances in which experts and policymakers may disagree concerning the nature of these linking efforts, and consequently, may fail to appreciate the real dynamics of the issue-linkages. Such problems lead to what Aggarwal and Govella (2013: 11-12) refer to as "failed substantive" and "failed tactical" linkages. Failed substantive linkages arise when policymakers move to link two unrelated issues within a free trade accord either due to domestic pressures coming from influential lobby groups or external pressures brought about by the asymmetric balance of power. Over time, these kinds of linkages may fully transform into substantive ones as various domestic players attempt to sway the decision makers' views and opinions. At the same time, the continuous flow of ideas between countries and regions foster closer relations between initiator states and target states. Enhanced levels of stability and cooperation between initiators and targets significantly increase the potential for achieving the expected goals from these linking efforts.

Meanwhile, failed tactical linkages happen when policymakers view the two issues as substantively connected even though they are only tactically linked (Aggarwal and

Govella 2013). Yet, despite calls coming from experts to abandon such linkages, decision makers from the target state proceed to accept them, especially when they are presented as part of a package deal such as a bilateral FTA. However, the misconceived process through which such linkages have been developed, significantly threatens the general stability of the resulting policy agreements and may only last for as long as the power asymmetry between parties is maintained.

Furthermore, various scholars have examined the role of politico-strategic motives in the burgeoning popularity of preferential FTAs. For instance, John Ravenhill (2008) explores reasons behind the increasing interest in preferential FTAs in the Western Pacific Rim. He argues that their proliferation "reflects the perception that they have been successful in other parts of the world, and is reinforced by dissatisfaction with the region's existing trade groupings" (Ravenhill 2008: 1). However, based on the findings of Ravenhill (2008), Western Pacific countries will be better off channelling the substantial amount of resources and energy required for negotiating bilateral FTAs into promoting multilateral trade liberalisation via the World Trade Organization (WTO).

Wesley (2008: 214) argues that, as a result, "both large and small powers have resorted to a range of instruments, including strategically-driven PTAs." Eul-Soo Pang (2007) cites two other kinds of plausible rationale for the passage of the United States–Singapore Free Trade Agreement (USSFTA), aside from economic considerations: (i) security exigencies; and (ii) fear of diplomatic isolation or being left out. Michael Wesley (2008) identifies three important shifts in the international system that resulted in the decreasing utility of conventional security institutions and precipitated the search for novel forms of strategic trade negotiations: (i) an enduring crisis of security institutions; (ii) the rise of new great powers; and (iii) the arrival of non-state security threats. Meanwhile, Gregory White (2005) explores how the US policymakers have utilised preferential FTAs as a tool in the war on terror. That is, "as a means of winning the hearts and minds of people" both in the Middle East and northern parts of Africa (White, 2005: 616).

These findings underline Richard Higgott's (2004) assumption about the "securitisation"[4] of US foreign economic policy particularly in the aftermath of 11

[4] The Copenhagen school defines securitisation as a speech act that must satisfy three rhetorical criteria. The actor engages into a discursive process to (i) claim that a referent object is existentially threatened; (ii) demand the right to take extraordinary countermeasures to deal with that the threat; and (iii) convince an audience that rule-breaking behaviour to counter the threat is justified. In other words, securitisation is the process through which issues – whether politicised or non-politicised – are elevated to security issues that need to be addressed with urgency or exceptionality. This in turn,

September 2001. Higgott (2004: 147) argues "in the context of US economic and military preponderance in the world order, the United States has been unable to resist the temptation to link foreign economic and security policy." Consequently, globalisation is now viewed through the lenses of the United States' national security agenda. Thus it is not merely a "benefit" but a "security problem" that needs to be addressed.

Finally, some experts have also started looking into the relations between preferential FTAs and human security issues. For instance, Emilie Hafner-Burton (2005) explores the impact of preferential FTAs on human rights. Despite their incompleteness and imperfection, he asserts that preferential FTAs "are among the only existing international institutions with some capacity to enforce compliance, and they may prove to be one of the more effective available means of implementing very basic humanbasic human rights values into practice" (Hafner-Burton, 2005: 624). Meanwhile, Jonathan Chow (2013) investigates connections between trade and human security in Southeast Asia based on the policies implemented by members of the Association of Southeast Asian Nations (ASEAN). Chow (2013: 85-86) concludes that for the most part, ASEAN members have been reluctant to link trade to traditional and human security issues mainly due to some of the values they wish to protect such as non-interference norms, respect for sovereignty, and regional unity. Lastly, Aggarwal and Govella's (2013) broad analysis of trade connections to security considerations in Asia-Pacific highlights the relatively strong influence of state security issues on the creation of trade agreements at a preferential level vis-à-vis the minor impact of human security concerns.

The present study builds on this literature by investigating the linking of security interests and free trade activities in the twenty-first century. This is a particularly important path of inquiry given the changes in the nature of both trade and security. On the one hand, trade is no longer simply the exchange of commodities and finished products. Globalized production chains mean that trade in semi-finished goods within firms have become more common than before. On the other hand, understandings of security now encompass not just the survival of the state, but also considerations of human safety. Such considerations mean that reassessments of the relationship between trade and security are timely.

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legitimates the sidestepping of public debate and democratic procedures. See, Wæver 's (1995) *Securitization and Desecuritization*; Buzan et al. *Security: A New Framework for Analysis*; Huysmans (1998); 'Revisiting Copenhagen'; William's (2003) 'Words, Images, Enemies: Securitization and International Politics'; Emmer's (2007) 'Securitization'; McDonald's (2008) 'Securitization and the Construction of Security'; Balzacq's (2010) 'Constructivism and Securitization Studies' and Peoples and Vaughan-Williams' (2010) *Critical Security Studies: An Introduction.*

To do this, I analyse the call so-called "statist" (traditional) and "humanist" (non-traditional) forms of East Asian security-trade linkages at multilateral, minilateral, and bilateral levels. On the one hand, I examine how free trade is being utilised by small states in the region to promote, enhance, and secure the primary referents of their security policies and strategies at regional and domestic levels. On the other, I analyse the role of statist and humanist security interests in the continuing relevance and proliferation of free trade in the twenty-first century. The term "referent" in this study is defined as "things that are seen to be existentially threatened and that have a legitimate claim to survival" (Buzan et al., 1998: 36).

1.2 RESEARCH GAPS, QUESTIONS, AND OBJECTIVES

1.2.1 Research gaps

The thesis addresses three existing gaps in the security-trade literature. First, the study examines how free trade (at bilateral, minilateral, and multilateral levels) is being used by small East Asian countries to promote, enhance, and secure their regional and domestic security referents. Conversely, it analyses how various forms of security threats and issues (traditional and non-traditional) influence the utility and outcome of free trade particularly with respect to the small powers in the region. In most cases, these security referents and interests have been aggregated into a single analytical category that prevents a more nuanced and in-depth analysis. Here, I analyse the East Asian security-trade linkages based on specific contexts, referents, and threats.

Second, and in doing so, the study looks at the motives and rationales (at regional and domestic levels) behind the growing linkages between security interests and the free trade activities of small East Asian countries; the outcomes that they aim to achieve from such a strategy; as well as their relative efficiency and effectiveness in attaining these results. Thus, this study begins with the acknowledgement of the reality and materiality of free trade that draws discrete national economies with distinctive sociocultural features within interdependent regional and global arrangements. Here, I examine why small East Asian states continue to engage in various trade activities in the twenty-first century particularly those aligned with preferential bilateral and minilateral free trade. This is despite the adverse effects that can emanate from free trade activities such as weakening the coherence and viability of existing regional organisations; exacerbating inter-state

rivalries and competitions; and widening power imbalances and development divides – among other examples.

Finally, the study explores and explains the distinctive natures and types of East Asian security-trade linkages based on identified sets of security referents, contexts, and threats to highlight the statist (traditional) and humanist (non-traditional) elements of security in the twenty-first century. First, I examine statist linkages to assess the relations between free trade and traditional (state-centric) security referents of small East Asian countries. Second, I investigate humanist linkages to evaluate the relations between free trade and non-traditional (people-centric) security referents in these countries. A crucial part of this task is the examination of how the confluence between the internal and external environments affects the utility of free trade for promoting, enhancing, and securing the regional and domestic referents of East Asian security.

1.2.2 Research questions

Against this backdrop, the thesis asks the following sets of questions that are central to an analysis of East Asian security-trade linkages, both statist and humanist, in the twenty-first century:

1. Why do East Asian countries, particularly the periphery and semi-periphery powers link their security interests with their free trade activities? What are the main motives and rationales behind these security-trade linkages? And how effective are these states in promoting, enhancing, and securing their desired outcomes via the security-trade linking strategy?

2. What role does free trade (bilateral, minilateral, and multilateral) play with respect to the primary referents (statist and humanist) of East Asian security both at regional and domestic levels? Conversely, how do statist and humanist security threats and issues influence the facilitations and outcomes of free trade activities? And what factors affect the utility of free trade for promoting, enhancing, and securing these domestic and regional referents of East Asian security?

Before answering these questions, an operational security concept has to be established. In doing so, the thesis also asks the following sets of questions:

3. How do East Asian countries define a security concept in the twenty-first century? What are the factors that have led to the rethinking and reformulation of security in East Asia both at regional and domestic levels? In addition, how does the evolution of East Asian security thinking affect the core values and elements of security, on the one hand, and the forms of security threats addressed, on the other?

4. What are the primary referents of East Asian security policies and strategies both at regional and domestic levels? Which dimension of security do they represent? In addition, what are the main problems that limit and threaten these regional and domestic referents of East Asian security?

1.2.3 Research objectives

In order to tackle these questions, the thesis performs two main objectives. First, I theoretically reconfigure the security concept by amalgamating the statist and humanist dimensions of security to establish the "cohabitative security" framework that will serve as the operative definition of security for this project. Cohabitative security integrates the state-centric and people-centric referents to accommodate both traditional and non-traditional security issues emanating from outside and within the territorial jurisdictions of states. Such formulation allows for the incorporation of non-state referents within a profoundly statist configuration of national vis-à-vis regional security.

Accordingly, this study reinforces the argument that the meaning and provision of security can neither be fully articulated nor substantiated without considerations for below-the-state actors and issues. However, unlike other non-traditional security discourses, it does not trivialise nor does it undermine the role vis-à-vis the power of the state in pursuing more holistic security policies and strategies. Therefore, rather than downplaying the state-centric security concept while highlighting a more people-centric model, I attempt to amalgamate the "high politics" of the state and the "low politics" of individuals, groups, and communities via the cohabitative security framework. The word "cohabitative" in this context refers to inter and intra-governmental efforts to amalgamate the statist and humanist dimensions of security when articulating and implementing their regional and domestic security rhetoric and agendas.

Second, I empirically analyse the linkages between cohabitative security referents (statist and humanist), on the one hand, and various forms of free trade arrangements

(multilateral, minilateral, and bilateral) on the other. Here, the examination of the security-trade nexus is two-tiered. At the regional level, I explore the general linkages between security referents and free trade using Asia-Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations (ASEAN) as case studies. In addition, at the domestic level, this study explores the specific linkages between security referents and free trade using Taiwan, Singapore, the Philippines, and Malaysia as case studies.

For most East Asian countries, free trade has become a vital platform for pursuing various components of their national interests. Thus, reversing back toward protectionism by implementing a "chainfire" policy that destroys existing geo-political, geo-economic, and geo-strategic networks is unlikely to be the preferred approach. The insecurities induced by the internal security environment, which a host of external factors amplify, compel East Asian states, especially the small ones to liberalise even further. Thus, the region as a whole provides an idyllic backdrop for testing theories and hypotheses about the linkages between statist and humanist security interests, on the one hand; and various forms of free trade arrangements, on the other.

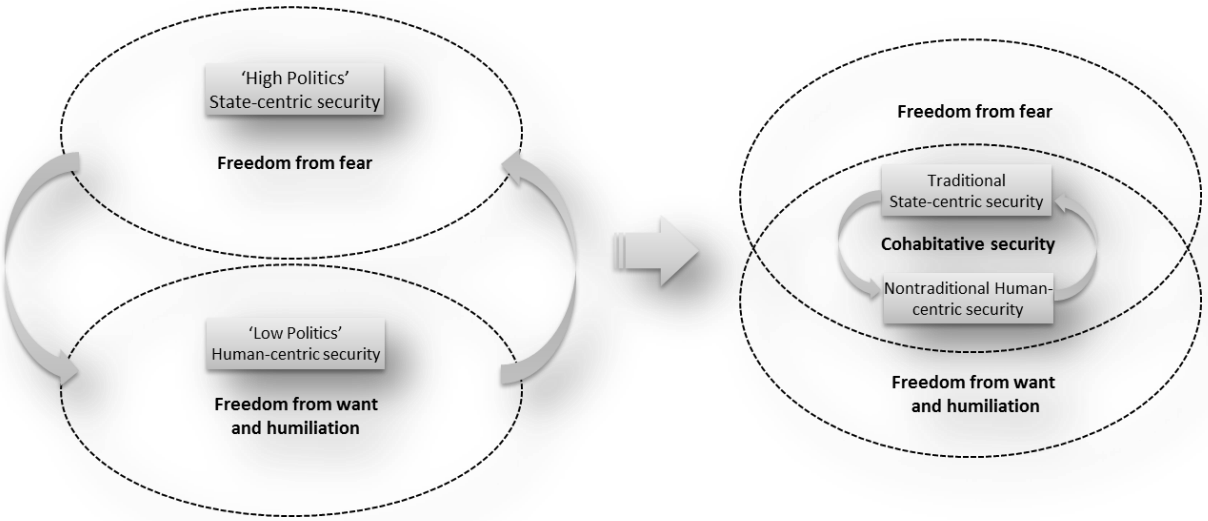
1.3 CONCEPTUAL AND THEORETICAL FRAMEWORKS

1.3.1 The cohabitative security model

The referents of cohabitative security

Figure 1.1 illustrates the cohabitation between the state-centric and human-centric dimensions of security to develop the thesis concept of cohabitative security model. As shown in Figure 1, the word "cohabitative" refers to an amalgamation between the "high politics" of state security and the "low politics" of human security when articulating and implementing security rhetoric and agendas.

Figure 1: Cohabiting the state-centric and human-centric dimensions of security[5]



The underlying assumption here is that the statist and humanist dimensions of security complement one another. On the one hand, state security does not always undermine human security nor does it deliberately compete with individuals and communities. On the other, human security does not necessarily threaten state security nor does it have to be in constant competition with state actors and agencies. In other words, human security and state security are mutually constitutive rather than mutually corrosive. Such a formulation enables states to have a more positive and nurturing image in the security narrative, and is particularly relevant in the context of the increasing recognition that human security is a necessary precondition for regional and domestic peace and stability.

Cohabitative security implies that the dichotomy between these two security dimensions is neither natural nor permanent. The invisible yet concrete divide between states and individuals vis-à-vis communities creates a rather misleading notion that the state does not acknowledge the multidimensionality of security in the contemporary era. Despite the claims made by state actors concerning their reconceptualised security, non-state actors continue to defined security in purely militaristic terms that is bereft of human sensibility. Hence, while the government claims to have created a novel security vision that incorporates human security, the citizens continue to equate security to the anachronistic goal of preserving the sovereignty and territorial integrity of the state. Interestingly, it is the insecurity rather than security felt by individuals and states that is

[5] Based on the author's own conceptualisation of amalgamating state-centric and human-centric security referents and issues. For in-depth discussions on 'freedom from fear' and 'freedom from want and humiliation', see UNDP's (1994) *Human Development Report.*

transforming the traditional normative terrain of the Asia-Pacific into a region that is mindful of the need to incorporate both humanist and statist components of security.

Cohabitative security emerges in the context of a broadening and deepening language of security while being mindful of its impact on the theoretical and empirical utility of the concept. The security referent has become a central element of the larger security debate dominated by the "expansionists" (those who believe that the security definition must be comprehensive) and "non-expansionists" (those who argue that the security definition has to be limited).[6]

As far as the realists are concerned, the state remains the primary form of political community and the principal actor in both the domestic and global realms. Therefore, the state remains the chief provider and agent of security (Waltz, 1979; Gilpin and Gilpin, 1987; Alagappa, 1998; Krasner, 1999; Mearsheimer, 2003; Donelly, 2005). Given the state system's role as the optimum security guarantor, on the one hand, and the primary determinant of state behaviour, on the other, the state is the primary referent of security. However, realist claims that the state is the "rightful" referent of security given its centrality both in domestic and international politics, faces several challenges.

First, the state's capacity for fulfilling some of its key functions including the provision of national security, welfare, identity, and environment is constantly diminishing (Mitchell, 1991; Garland, 1996; Alagappa, 1998; Guéhenno, 2000; Rotberg, 2003). The state is both too big and too small to satisfy basic human needs and address immense regional and global threats in an effective and efficient manner. Second, the state is ironically viewed more as a progenitor of insecurity than a security provider (Alagappa, 1998; Rotberg, 2003; Paul, 2010). In other words, there are instances where the state reinforces the insecurities and vulnerabilities felt by marginalised individuals and societies instead of improving their sense of security (Alagappa, 1998; Rotberg, 2003; Paul, 2010). Thirdly, the state is no longer viewed as an end goal in itself, but a tool for securing the life and freedom of people, on the one hand, and improving their socioeconomic welfare, on the other. Therefore, the ultimate goal of security should be the protection of individuals, groups and societies and not the state itself (Alkire, 2003; McFarlane and Khong, 2006; den Boer and de Wilde, 2008). This implies that the

[6] See for example, Akaha's (1991) 'Japan's Comprehensive Security Policy'; Radtke and Feddema's (2000) *Comprehensive Security in Asia;* Hsiung's (2004) *Comprehensive Security: Challenge for Pacific Asia*; Tambe and Ordonez's (2009) 'A Game Theoretic Approach for Allocation of Limited Security Resources'; Hameiri and Jones's (2012) 'The Politics and Governance of Non-Traditional Security'; Westing's (2013) *From Environmental to Comprehensive Security;* Wu's (2014) *Non-Traditional Security Issues and the South China Sea.*

referents of security rhetoric and agenda must be human-centric, rather than state-centric. This is particularly relevant in cases where the legitimacy of the state vis-à-vis the government or regime is contested or absent (UNDP, 1994; Alagappa, 1998; OECD, 2010; Silva, 2014).

The proposed cohabitative security model receives significant inspiration from the human security agenda that first appeared in the 1994 Human Development Report (HDR) by the United Nations Development Programme (UNDP). The Report tackled the two most fundamental forms of human freedoms – the "freedom from want" and the "freedom from fear." The former refers to safety from chronic threats such as hunger, disease, and repression; while the latter pertains to protection from sudden and hurtful disruptions in patterns of daily life whether at home, work, or in communities.

Therefore, the concept of human security attempts to shift the referent of security – that which is to be secured – from state security to the security of individuals and social communities. As such, human security is viewed as a paradigm shift that goes beyond the State's preoccupation with nuclear security (UNDP, 1994). However, the broad and all-encompassing formulation of human security results in a conceptual and theoretical ambiguity that significantly diminishes its theoretical and empirical utility (Tadjbakhsh and Chenoy, 2007; Frerks and Goldewijk, 2007; Goucha and Crowley, 2008; Kaldor et al., 2013). This implies that a certain type of political organisation is still necessary, even as the security concept gradually evolves to encompass people-centric security issues. The state continues to be the most critical mechanism for facilitating political allegiance and affiliation despite its many faults and limitations (Alagappa, 1998; Ripsman and Paul 2005, 2010). As such, the state remains the primary agent for the functions of security and welfare required in all societies and is expected to remain an important fixture of the international system in the twenty-first century (Alagappa, 1998; Ripsman and Paul 2005, 2010).

On the one hand, cohabitative security emphasises that the state has never been completely obsolete mainly due to inferred cultural support that buttresses the principle and practice of sovereign statehood at the global level (Jackson and Rosberg, 1982; Alagappa, 1998; Opello Jr. and Rosow, 1999; Rodrik, 2012). In addition, post-statist approaches to political organisation are neither well developed nor well grounded. As a result, the state continues to be the dominant actor of both local and international realms and remains the primary form of organised political community. In short, there seems to be no feasible alternative to the state system even in the twenty-first century. Given that

the meaning and subtext of security are a function of "historically specific forms of political community" (Alagappa, 1998: 33), the conceptualisation of security in terms of the state continues to be relevant.

However, on the other hand, cohabitative security also emphasises that the enduring relevance of the state does not make it the exclusive referent object of security. As argued, the contested legitimacy and limitations of some states suggest that government-defined security policies and strategies may be contradictory to the security interests of people and the communities. Hence, national security cannot be simply equated with state security. While it remains the most influential agent of political organisation, the state now has to co-exist with a host of inter and intra-state entities comprising an intricate web of authority and power configurations (Alagappa, 1998; Sahni, 2008; Wibben, 2011; Harada and Kimura, 2011; Watson, 2011).

Cohabitative security, therefore, integrates both statist and humanist security dimensions to accommodate traditional and non-traditional security issues emanating from outside and within the territorial jurisdictions of sovereign states. Such formulation enables the assimilation of non-state referents within an extremely statist national security agenda. In doing so, cohabitative security does not trivialise nor undermine the role and power of the state in formulating and implementing cohabitative security policies and strategies. Instead of restraining the state-centric security concept to highlight the human-centric model, cohabitative security amalgamates the "high politics" of the state and the "low politics" of individuals, groups, and communities.

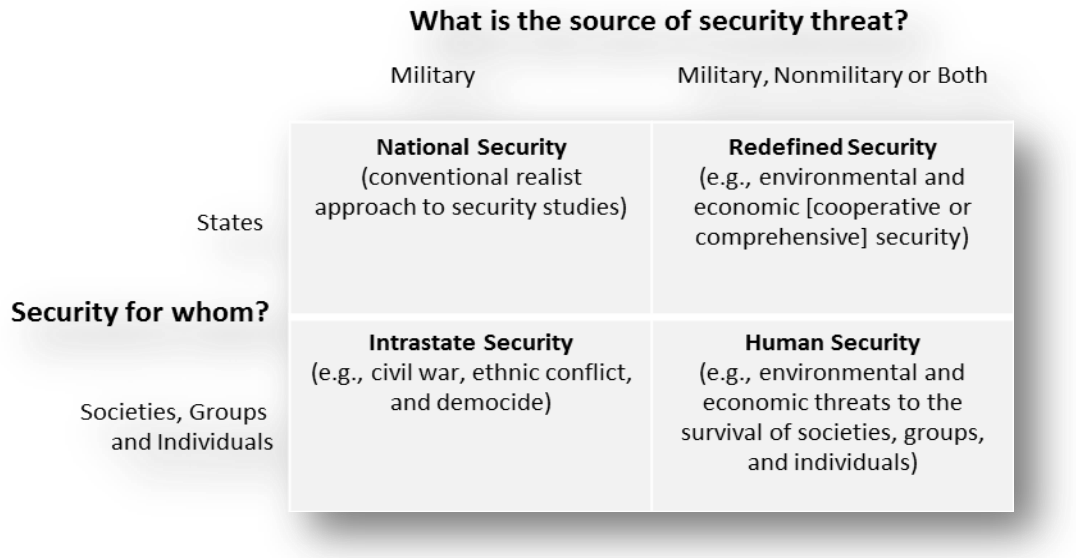
The scope of cohabitative security

An alternative use of the human security concept that is less politically encumbered has been introduced by Roland Paris (2001) in an attempt to utilise both its theoretical and empirical value. In this construction, human security serves as a label for a diverse group of research studies within the security studies domain. This novel brand of research focuses on non-traditional aspects of security and is concerned chiefly with the protection of societies, groups, and individuals against non-military threats. In other words, human security can have a pivotal role in the field by serving as a handy label for the categorisation of various kinds of research. Drawing on the ideas of broadening and deepening, Paris (2001) developed a matrix of security studies.

Figure 2 illustrates Paris' four-cell matrix. Cell 1 includes scholarly works that focus primarily on national security – military threats to the security of the states based

on the classical realist approach. Cell 2 is comprised of works that concentrate on redefined security – non-military threats to states on top of the existing military threats. Cell 3 contains works that centre on intrastate security – military threats individuals, groups, and societies as opposed to states. Finally, Cell 4 constitutes works that essentially deal with human security – military and non-military threats to the security of individuals, groups, and societies. These four cells are not mutually exclusive but tend to overlap significantly, blurring the differences between threats that affect states and those that affect individuals, groups, and societies. Therefore, by definition, the "military" column singles out a key subset of the "both" columns (Alkire, 2003).

Figure 2: A matrix of security studies [7]

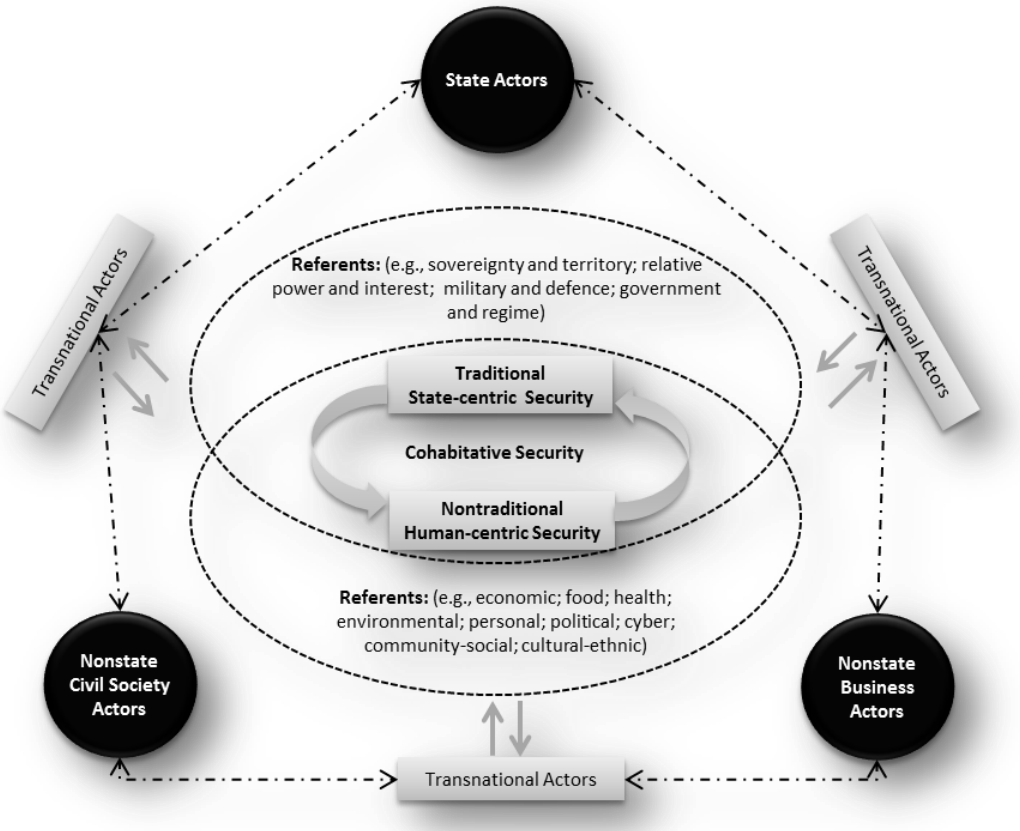


Based on this security matrix, Figure 3 presents the formation of the cohabitative security framework. As shown in this figure, cohabitative security is a two-dimensional model comprised of traditional, state-centric security and non-traditional, human-centric security. Each dimension has a set of security referents. On the one hand are state-centric referents including sovereignty and territoriality; relative power and interest; military and defence; and government and regime. On the other, are human-centric referents such as economic, food, health, environmental, personal, political, cyber, socio-community, and ethno-cultural security.[8]

[7] Based on Paris' (2001: 98) 'Human Security Roland Paris Paradigm Shift or Hot Air?'

[8] Economic security requires an assured basic income for individuals, usually from productive and remunerative work or, as a last resort, from a publicly financed safety net. Food security requires that all people at all times have both physical and economic access to basic food. Health security aims to guarantee a minimum protection from diseases and unhealthy lifestyles. Environmental security aims

Figure 3: Operationalising cohabitative security [9]



The cohabitative security model indicates that national security is no longer exclusively devoted to the business of safeguarding the State but is now also concerned with the security of human collectivities and societies. Whereas state security refocuses

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to protect people from the short- and long-term ravages of nature, man-made threats to nature, and deterioration of the natural environment. Personal security aims to protect people from physical violence, whether from the state or external states, from violent individuals and sub-state actors, from domestic abuse, or from predatory adults. Political security is concerned with whether people live in a society that honours their basic human rights. Socio-community security aims to protect people from the loss of traditional relationships and values and from sectarian and ethnic violence, on the one hand; and the freedom from discrimination based on gender, age, ethnicity or social status, with access to safety nets, on the other. Ethno-cultural security is a social climate in which minority populations feel secure in expressing their cultural identity, on the one hand; and the psychological orientations of a society which enhance the ability to control uncertainty and fear, on the other. These definitions are mainly based on the UNDP's (1994) *Human Development Report;* Buttedahl's (1994) 'Viewpoint: True Measures of Human Security'; Nef's (1999) *Human Security and Mutual Vulnerability.*

[9] The referents listed under state security and human security are illustrative not exhaustive. See for example, UNDP's (1994) *Human Development Report*; Buttedahl's (1994) 'Viewpoint: True Measures of Human Security'; Nef's (1999) *Human Security and Mutual Vulnerability.* Thomas' (2000) *Global Governance, Development and Human Security*; Leaning and Arie's (2000) *Human Security: A Framework for Assessment in Conflict and Transition;* Nussbaum's (2001) *Women and Human Development: The Capabilities Approach;* Sen's (2000); 'Why Human Security?'; DFAIT Canada's (2001) 'Freedom from Fear: Canada's Foreign Policy for Human Security'; Hampson and Daudelin's (2002) *Madness in the Multitude: Human Security and World Disorder;* and Atienza et al, (2010) *Developing a Human Security Index for the Philippines.*

the attention on the security of state-oriented referents, human security underlines the security human-oriented referents. Whereas state security safeguards citizens from external threats, human security controls internal problems that imperil grassroots civil societies. Whereas a state-centric security agenda is intended to contain immediate and concrete threats, a human-centric agenda is designed "to safeguard the vital core of all human lives from critical pervasive threats, without impeding long-term human fulfilment" (Alkire, 2003: 23). In short, the statist and humanist dimensions of security are complementary not substitutes; mutually reinforcing not mutually exclusive; integrative not corrosive.

Varieties of actor, both internal and external, play significant roles ensuring the security of the state-centric and human-centric referents of Asian security. At the national level, these are: (i) state actors comprising national and local government units and agencies; (ii) non-state public actors composed of local non-government organisations, media, and academe; and (iii) non-state private actors made up of domestic business groups. At the transnational level, these are: (i) regional and trans regional organisations such as the APEC and ASEAN; (ii) international NGOs; and (iii) transnational and multinational corporations or TNCs and MNCs. The dotted arrows of Figure 3 indicate that national and transnational actors simultaneously influence one another, whereas the solid arrows indicate a two-directional relationship between internal security referents and the external environment. That is, the conducts of transnational actors and underlying external conditions influence domestic units, and vice versa.

Critics argue that if all issues that pose threats to life, in general, are conceived as threats to national security, the explanatory power of the term significantly shrinks (Paris, 2001; Owen, 2004; Christie, 2014; Martin and Kostovicova, 2014; Tadjbakhsh, 2014). As such, there is nothing important to gain by attributing the word 'security' to a host of non-traditional, non-military issues considering their weakening effect on the theoretical and empirical utility of the term. Hence, linking security with various non-state concerns may only be appropriate within the context of regional and global conflicts where they are viewed as central elements that must be considered when assessing the impact of violent wars and conflicts (Krause and Williams, 1996; Alagappa, 1998; Alkire, 2003; Booth, 2008).

The impetus for cohabitative security is based on a number of considerations. First, the divisions between traditional and non-traditional security issues are hardly insurmountable. Rather than being diametrically opposed, these two dimensions can be

mutually reinforcing. Second, defining security mainly in terms of organised violence is misleading insofar as issues that do not entail or constitute force are not considered security threats (Alagappa, 1998; Gasper, 2014; Krause, 2014; Sen, 2014). Third, restraining security discussions at a nation-state level creates a false notion that security cannot be analysed at different levels with respect to diverging non-state referents (Christie, 2014; Martin and Owen, 2014; Tadjbakhsh, 2014). Fourth, averting the rethinking of the security concept despite the changing internal and external conditions also undermines its practical and analytical utility (Krause and Williams, 1996; Alkire, 2003; Saleh, 2010; Martin and Kostovicova, 2014). Finally, the criticism that points to the fundamentally different expertise required for tackling nonconventional issues underlines the need for inter- and multidisciplinary approaches to security studies, rather than delimiting the boundaries of security on the basis of the expertise (Alagappa, 1998; Christie, 2014; Krause, 2014).

Determining and delineating the scope of security presents an intellectual paradox. On the one hand, labelling all issues as security threats without applying a specific guideline undermines the theoretical coherence and empirical utility of the concept. However, the very process of selecting a set of criteria is intrinsically linked to particular models. Therefore, identifying which issues are labelled as security threats becomes a highly subjective process. On the other, the traditional conception of security is becoming increasingly restricting and misleading. By strictly targeting the issues that relate to state defence, the other equally important dimensions of security that impact survival are ignored. Hence, the move to reconfigure the security concept outside the statist domain of force continues to gain momentum.

Admittedly, the cohabitative security framework does not provide a panacea to long-standing conceptual problems of security. Nevertheless, it serves as an alternative approach for reassessing governments' successes and failures in incorporating the individuals and societies within their respective national security rhetoric and agenda in the twenty-first century. By amalgamating state-centric and people-centric security issues, the role of the state with respect to human security is "unvilified." Instead of being diametrically opposed, cohabitative security shows that traditional state-centric security can complement and supplement non-traditional human-centric security, and vice versa. To some extent, the invisible divide between the "high politics" of the states and the "low politics" of the people and communities is bridged, allowing state actors to realise

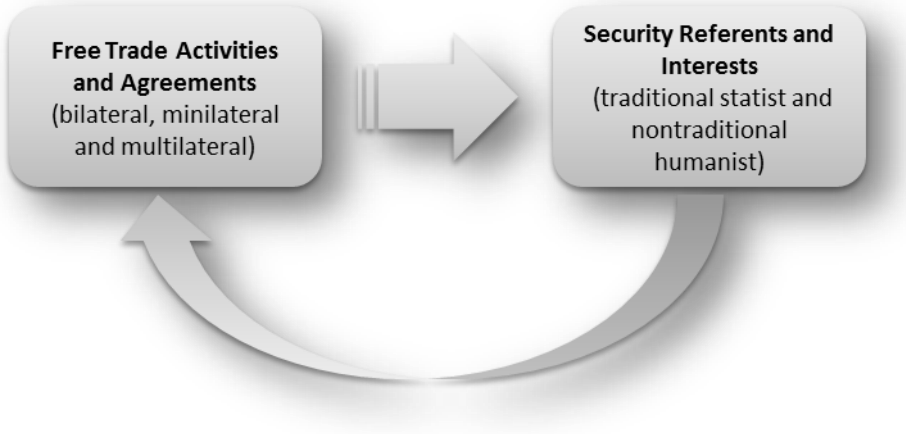
the multidimensionality of security. A collective understanding of security between governments and the citizens, therefore, is better realised.

1.3.2 The security-trade linking process

Establishing the relations between security and trade

After developing the cohabitative security framework, the linkages between security and free trade can now be more systematically explored and analysed. Figure 4 indicates a two-way relationship between these two variables. On the one hand, it shows how free trade activities vis-à-vis agreements may affect security referents vis-à-vis interests. On the other hand, it shows how security referents vis-à-vis interests may influence the utitlity and implementation of free trade activities vis-à-vis agreements.

Figure 4: Linking security and trade

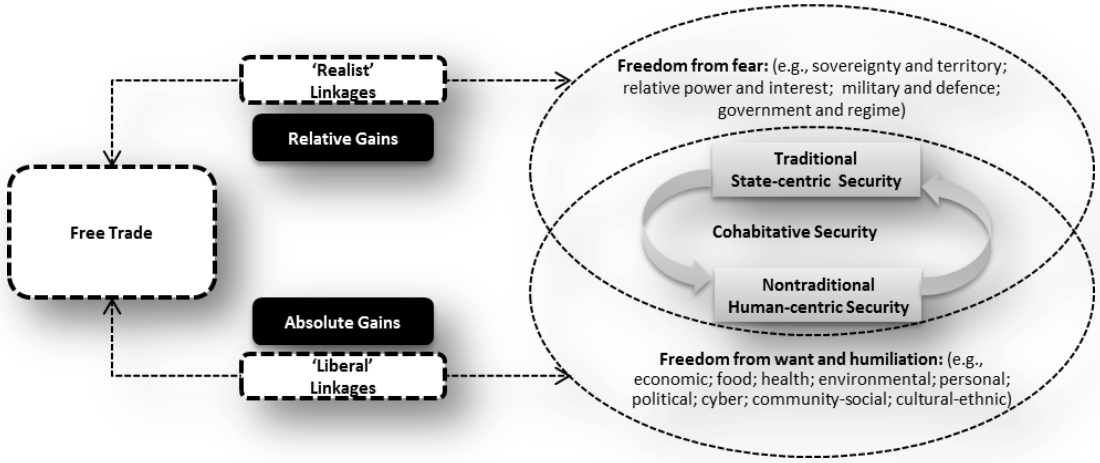


As mentioned, the study specifically focuses on East Asian security-trade linkages in the twenty-first century both at regional and domestic levels. Using this basic conceptual approach, I examine alternative ways of understanding the following contexts: why small East Asian countries continue to engage in various forms of free trade activities despite the problems arising from them; how state-related (traditional) and human-related (non-traditional) insecurities might be alleviated by linking security interests with free trade instead of simply "bailing out of" free trade systems; and how the confluence between internal and external environments affect the utility of free trade for enhancing, improving, or securing the referents of East Asian security at both regional and domestic levels.

Figure 5 provides an illustration of the preliminary understanding of state

motives and rationales for linking security interests and free trade objectives, as well as the nature of these linkages. There are two general theories that can provide preliminary explanations concerning these linkages: the neoliberal variant of liberalism and the neorealist variant of realism.

Figure 5: "Realist linking" versus "liberal linking."[10]



Liberals in general argue that all states accrue substantial benefits from free trade (Bhagwati, 2003, 2008; Burchill, 2005; Irwin, 2009; Healey, 2014; Heywood, 2014). In particular, the neoliberal thesis underlines the role of free trade as a peace-enforcing apparatus in the international system by harmonising multifaceted and often conflicting national interests. This harmonisation of interests enables states to pursue their respective economic objectives while preserving a significant level of collective security necessary for maintaining the stability and predictability of the system. [11] Liberal internationalists, in particular, demonstrate the feasibility of cooperation among sovereign states even without a hegemonic player to enforce compliance with the rules of agreement (Gardner, 1990; Hoffman, 1995; Doyle, 2004; Linklater, 2005; Jahn, 2013). For example, Robert Keohane and Joseph Nye's (1977) complex interdependence theory reveals how countries can considerably broaden their narrow self-interests via membership in international institutions that enhance inter-state cooperation. Moreover, from a neoliberal standpoint, the intensification of economic interdependence via free

[10] Based on the author's conceptualisation of realist and liberal security linkages.
[11] See for example, Howard's (1978) *War and the Liberal Conscience;* Gardner's (1990) 'The Comeback of Liberal Internationalism'; Powell's (1994) 'Anarchy in International Relations Theory: The Neorealist–Neoliberal Debate'; Ohmae's (1995) *The End of the Nation State;* Zacher and Matthew's (1995) 'Liberal International Theory: Common Threads, Divergent Strands'; and Donnelly's (2005) 'Liberalism.'

trade has substantially reduced the material value of territorial conquest (Burchill, 2005; Fridell, 2006; Slocum, 2006; Lang, 2011).

Therefore, the liberal project endorses free trade as a medium through which aggressive state actions can be constrained through the juxtaposition of economic benefits with the opportunity costs of war. The prospects for economic incentives motivate countries to pursue different types of trade agreements with one another. In doing so, concerns over relative gains are set aside in favour of absolute gains. Applying the cohabitative security model, "liberal linking" relates more to the non-traditional, human-centric dimension of security comprised of referents that enhance absolute levels of "freedom from want and humiliation" of individuals, groups, and societies as shown in Figure 1.5.

Meanwhile, realists stress the dangers that might arise from excessive economic dependency particularly with respect to smaller, weaker states (Chan, 2001; Donnelly, 2005; Garcia, 2013; Elman and Jensen, 2014). While they do not deny the wealth-creating effect of trade, they argue that the inherent anarchic structure of the international system forces states to limit their level of interdependence in order to lessen vulnerabilities. Rather than a peace-enhancing apparatus, trade is considered by realists to be a constraining device that limits the capacity of independent states for governing their own domestic affairs (Waltz, 1979; Tarzi, 2004; Linklater, 2005; Dunn, 2009). Therefore, the realist thesis underlines the primacy of politico-strategic concerns over economic considerations.[12] While the liberals argue that states should be concerned more with the maximisation of their absolute gains, realists contend that states should be more worried about their relative gains or the lack because of that.

Therefore, in contrast to the neoliberal claim that states will continue to cooperate for as long as their absolute gains are improved, neorealists predict that states will abandon cooperative measures when they expect to gain less than their counterparts (Burchill, 2005; Donnelly, 2005; Reus-Smit, 2005; Garcia, 2013; Elman and Jensen, 2104). This fixation with relative gains severely undermines cooperation at regional and international levels as states become paranoid about two things: first, whether they can gain something from cooperative agreements or not; second, and more importantly, whether these gains are greater than those that can potentially go to other members.

[12] See for example, Carr's (1939) *The Twenty Years' Crisis;* Morgenthau's (1948) *Politics Among Nations*; Waltz's (1979) *Theory of International Politics*; Gilpin's (1986) 'The Richness of the Tradition of Political Realism'; Kahler's (1997) 'Inventing International Relations'; Grieco's (1997) 'Realist International Theory and the Study of World Politics'; Jervis' (1998) 'Realism in the Study of World Politics.'

Hence, from a realist perspective, the main rationale for the pursuit of free trade is political and strategic, rather than economic. "Realist linking" relates more to the traditional, state-centric dimension of security when applying the cohabitative security model. This is comprised of referents that enhance relative levels of state "freedom from fear" as shown in Figure 1.5.

Conceptualising the security-trade linking process

Figure 6: Statist and humanist security-trade linkages

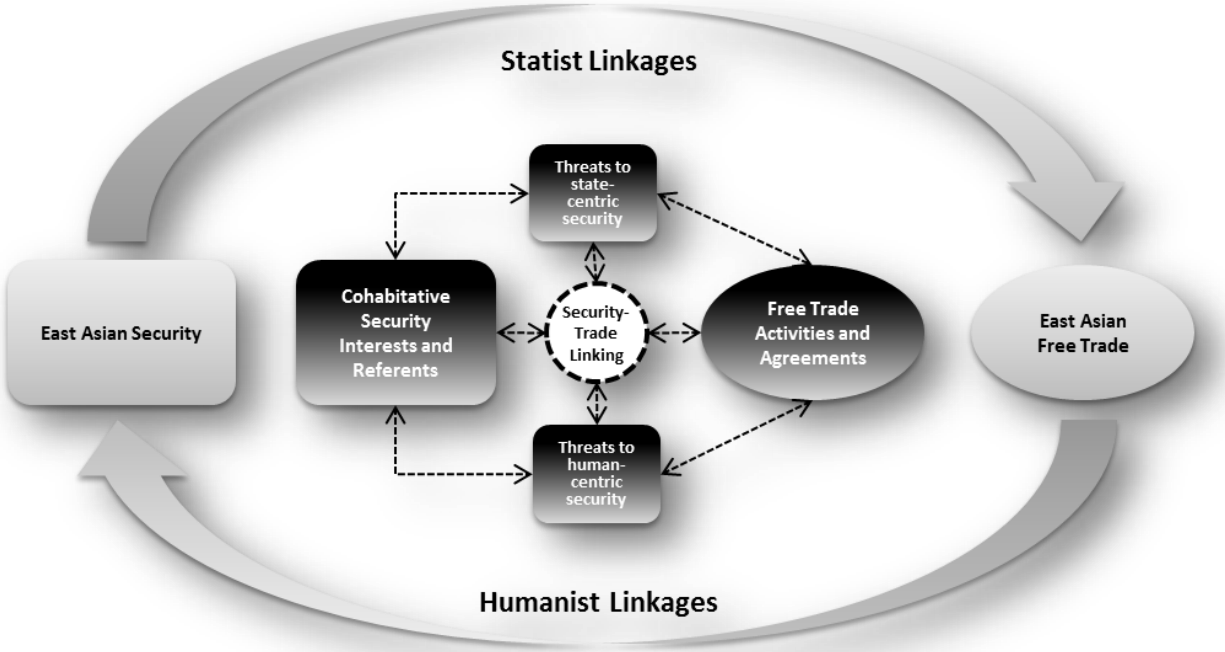


Figure 6 provides an illustration of the security-trade linking process that will be used as a basis for examining the impact of free trade activities on East Asian security referents, on the one hand; and the effect of security interests on the creation/utility of free trade agreements, on the other. Statist and humanist linkages are two types of security-trade linkages that are being explored in the study. The former focuses on the nexus between the state-centric dimension of cohabitative security and free trade while the latter focuses on the nexus between the human-centric dimensions of the two concepts. Hence, the states are the primary referents of security for statist linkages, whereas the main security referents for humanist linkages are individuals, groups, and societies. Accordingly, both statist and humanist referents of cohabitative security are explored in terms of their threats and then analysed respectively in terms of their statist and humanist security linkages.

Here, security-trade linking is viewed as an approach or a strategy for promoting, improving, and securing referents that are facing "existential threats." Barry Buzan, Ole Wæver, Jaap de Wilde (1998: 27) define existential threat as something that "requires emergency action or special measures and the acceptance of that designation by a significant audience." In short, security means survival in the face of existential threats. Or, as interpreted by Ralf Emmers (2013: 132), security occurs "when an issue is presented as posing an existential threat to a designated referent object." As the cohabitative security model suggests, these referents are not exclusively state-centric but are also human-centric. (As defined earlier, the word "referent" pertains to objects deemed to be facing existential threats and that have a legitimate claim to survival [Buzan et al., 1998].)

Accordingly, the security-survival logic is simultaneously maintained and extended beyond military security to encompass non-military elements. Therefore, the choice between a rush to freer trade and a rush to increased protection is significantly influenced by the States' view with regard to the utility of free trade for enhancing, improving, and securing the primary referents of their security policies and strategies (traditional statist or non-traditional humanist) at both regional and national levels.

First, I analyse how the security-trade linking process occurs at the regional level. The assumption is that regional state and non-state referents are facing similar sets of security threats, both traditional and non-traditional. One way of dealing with these threats is by linking these reigional security issues with the free trade agendas of the APEC and ASEAN. The presence of shared perception and collective understanding with regard to these security issues enables the establishment of strong alliances and/or coalitions among independent governments that will allow for the ratification and implementation of binding agreements concerning these threats.

By agreeing to bestow legitimate power to regional institutions, the conventional form of sovereignty is transformed to include interstate responsibility and accountability. Thus, in an increasingly interdependent realm, it will be in the best interest of the governments to take cooperative measures seriously in order to combat security threats that jeopardise their national interest. Notwithstanding internal differences, the "collective" perceptions of regional security/insecurity are anchored on these shared regional goals and understandings. Hence, the security-trade linking strategy is not always zero-sum.

Second, I analyse how the security-trade linking approach is carried out at the national level. The assumption here is that the relativity of the security concept is crucial for identifying which issues are framed as existential threats and, therefore, are assigned as the primary referents of national security policies and strategies. One way of dealing with these threats is by linking these domestic security issues with the free trade agendas of national governments, in particular Taiwan, Singapore, the Philippines, and Malaysia.

The idea here is that different threats manifested in diverse spaces and at varying scales require unique cures given at distinctive dosages. Consequently, trade-offs between state-centric and human-centric elements of security are highly feasible. For instance, increasing state security through the acquisition of advanced military weaponry may lead to a corresponding decrease in human security by reducing the scarce government resources needed to produce other important non-military public goods such as social services and infrastructures among others. Therefore, an in-depth focus on domestic contexts in terms of factors that influence the configuration of national security policies and strategies across samples will be necessary for explaining differences in cross-national security-trade linkages.

1.4 RESEARCH DESIGNS, METHODOLOGIES, AND RATIONALES

1.4.1 Comparative qualitative study

To answer the main research questions and fulfil my primary objectives, I employ a comparative qualitative research design. In general, comparative research has four primary purposes: contextual description, classification, hypothesis-testing, and prediction (Lijphart, 1971; Marsh and Stoker, 2002; Landman, 2003; Pennings et al., 2006; Burnham et al., 2008; Peters, 2013). These objectives are all mutually reinforcing and co-exist with each other in systematic comparative studies, although some might gain more emphasis depending on the primary goals set by the researcher (Landman, 2003). This study attempts to accomplish these objectives, albeit to varying degrees.

First, through contextual description, I describe the context(s) underpinning the research phenomenon in question: the linking of security interests and free trade objectives by East Asian countries, specifically with respect to periphery and semi-periphery powers. While security issues may be "homogenised" at the regional level due to the presence of shared perceptions and collective understanding, nonetheless at the national level, the relativity of the security concept implies that security issues are

"heterogeneous." Therefore, the contextual description provides the raw information necessary for higher levels of explanation (Landman, 2003; Pennings et al., 2006; Peters, 2013).

Second, through classification, I establish conceptual differences between statist and humanist security-trade linkages. Using Taiwan, Singapore, Malaysia, and the Philippines as primary cases, the study can construct distinct categories based on their identifiable and shared characteristics. As such, classification is also a necessary component of systematic comparison and represents a higher degree of comparison by grouping separate descriptive units into simpler categories (Landman, 2003; Peters, 2013).

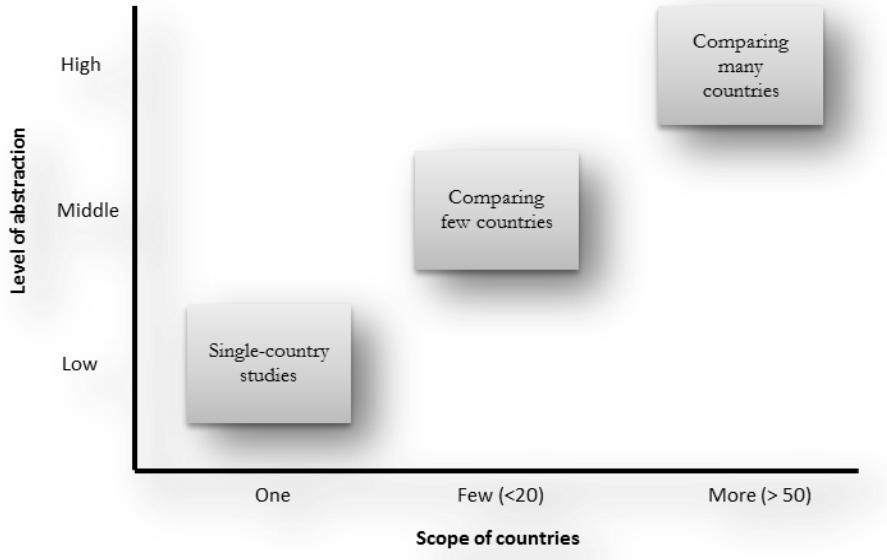
Third, after describing the East Asian security context at regional and domestic levels, and classifying the cases between statist and humanist categories, I analyse factors that influence and explain what has been described and classified. Here, several important variables are identified, and the relationships between them are posited. The idea is to eliminate rival explanations and test hypotheses derived from competing theoretical perspectives (Lijphart, 1971; Landman, 2003; Pennings et al., 2006). By illustrating these relationships as comparisons, the study can contribute to the generation and building of comprehensive theories about security-trade linkages. In the words of Lawrence Mayer (in Landman, 2003: 6), "the unique potential of comparative analysis lies in the cumulative and incremental addition of system-level attributes to existing explanatory theory, thereby making such theory progressively more complete."

Finally, to a lesser extent I aim to assist with predictions of the general flows and outcomes of security-trade linkages (both statist and humanist) in the countries that are currently being examined. These predictions will be based on the findings and observations derived from the four primary case analyses. Given the relatively small number of cases studied (small-N) and problems associated with the selection of indices that will measure security interests, on the one hand, and free trade objectives, on the other, the study performs a qualitative comparative analysis. The nature of the research questions demands a holistic, contextual view and analysis of the phenomenon, as opposed to abstracting the entity across cases. In other words, it is necessary to treat the cases as "wholes" or what Jonathan Hopkin (2002: 261) refers to as "complex combinations of variables." For this reason, a qualitative approach is preferred over a quantitative approach. The former is more appropriate for negotiating the "difficult relations between empirical complexity and parsimonious theory" (Hopkin, 2002: 262).

To this extent, the study may be viewed as an explanatory type of research as it attempts to explain why security-trade linking is progressing; interpret the cause-and-effect relationship between these two main variables; and examine the differences in the four samples' responses and outcomes albeit without numerical or statistical analyses. In contrast with analytic induction, this kind of explanatory strategy seeks to explicate the processes at work in a small number of cases "using in-depth intensive analysis and a narrative presentation of the argument" rather than "seeking regularities in the relationship between proposed explanatory factors and outcomes across cases" (Maxwell and Mittapalli, 2008: 324).

1.5.2 Most-different systems design and the method of difference

Figure 7: Methods of comparison [13]



As the present study analyses only four cases, a middle level of conceptual abstraction is used (Figure 7). Consequently, the study is more intensive than extensive as it tackles the nuances specific to each of the four countries. Since the political outcomes that figure in such studies are the products of multiple causal factors acting together, they are considered to be "configurative" (Landman, 2003: 25). In addition, the State serves as a unit of analysis of the study and the primary emphasis is focused on similarities and differences among cases instead of the analytical relationships between variables. Charles

[13] Based on Sartori's (1970) 'Concept Misinformation in Comparative Politics'; Mair's (1996) 'Comparative Politics: An Overview'; Landman's (2003) *Issues and Methods in Comparative Politics.*

Ragin (1994) has termed this type of comparison "case-oriented," where the purpose is to grasp the essence of an underlying complex unity as opposed to merely determining causality between distinct sets of variables. Arend Lijphart (1975) calls such approach a "comparable cases strategy" while Rod Hague et al. (1993) uses the term "focused comparison."

The comparative method is divided into two types of system designs, namely: the "most similar systems design" (MSSD) and the "most different systems design" (MDSD) (Przeworski and Teune, 1970; Faure, 1994; Landman, 2003). MSSD compares political systems that share a range of common features in order to neutralise some differences while emphasising others. Drawing from John Stuart Mill's (1843) "method of difference," MSSD identifies different key features and characteristics among a set of similar countries, which can explain the political outcome that is under observation. The number of potential explanatory variables is narrowed down which enables the empirical checking of explanations (Przeworski and Teune 1970; Hopkin 2002; Landman 2003; Burnham et al. 2008). Variables that are held constant "cannot be adduced as causes of any differences between them" (Hopkin, 2002: 254). However, the main problem with MSSD is that it is difficult to determine which differences are crucial and which are not. This is because "there will always be enough difference between cases to over-determine the dependent variable" (Hopkin, 2002: 254).

On the other hand, the most different systems design (MDSD) compares countries that do not share exactly the same features aside from the political outcome that is being explained with one or two of the independent variables viewed to be significant for that specific outcome Przeworski and Teune, 1970; Faure 1994; Landman, 2003). Drawing from Mill's (1843) "method of agreement," MDSD identifies similar features and characteristics among different countries in order to explain the political outcome that is under observation. In doing so, it searches for similarities between and among cases, despite their potentially puzzling differences (Hopkin, 2002; Burnham et al., 2008). If, for instance, the hypothesised relationship between two or more variables is reproduced then it can be argued that there is a relatively strong causal link between variables (Przeworski and Teune, 1970; Hopkin, 2002). Thus, focus shifts from the "inter-systemic" level to the "intra-systemic" level to establish generalisations that may be valid across different settings and contexts (Hopkin, 2002: 255).

Table 1: Comparative cross-national study of Asian security-trade linkages [14]

		Taiwan	Singapore	Philippines	Malaysia
Features (illustrative not exhaustive)	Economic level	High income	High income	Lower-middle income	Upper-middle income
	Government type	Unitary semi-presidential constitutional republic	Unitary parliamentary constitutional republic	Unitary presidential constitutional republic	Federal constitutional monarchy
	Party system	Multi-party system	Dominant-party system	Multi-party system	Dominant-party system
	Power status	Semi-periphery	Semi-periphery	Periphery	Periphery
	Colonizing countries	Netherlands, Spain, Japan	United Kingdom, Japan	Spain, Japan, United States	United Kingdom, Japan
	Ethnicity (% of majority)	Chinese (98.0%)	Chinese (75.0%)	Tagalog (28.14%)	Malay (50.4%)
	Religion (% majority)	Buddhism (35.1%)	Buddhism (33%)	Christianity (80%)	Islam (61.3%)
Outcome to be explained	East Asian security-trade linkages in the 21st century				
Potential explanatory factors	High levels of internal and external insecurity Multidimensional and multidirectional security concepts, contexts, and threats Marginal geo-economic size and geo-political position				

Table 1 illustrates the application of MDSD in the study of twenty-first century East Asian security-trade linkages. The table is divided into three segments: the varying features of the four cases explored; the outcome explained; and the key explanatory factors examined. The four countries have been selected as case studies precisely because of their intrinsic differences. Taiwan, Singapore, Malaysia, and the Philippines are shown to have a number of contrasting features – economic, government, parties, power, referents, colonisers, ethnicity, and religion – but share a number of similar factors that can potentially explain the presence of the outcome being investigated. Following the

[14] For economic levels, see World Bank's economic indicators as of 2014, available online at http://data.worldbank.org/about/country-and-lending-groups. For government types, see Central Intelligence Agency's World Fact Book, available online at https://www.cia.gov/library/publications/the-world-factbook/fields/2128.html. For party systems, see Croissant and Völkel's (2010) 'Party System Types and Party System Institutionalization.' For power status classifications, see Wallerstein's (1974) *The Modern World System;* Chase-Dunn et al. (2000) 'Trade Globalization since 1795: Waves of Integration in the World-System'; Babones and Alvarez-Rivadulla's (2007) 'Standardized Income Inequality Data for Use in Cross-National Research.' For colonizing countries, see United Nations and Decolonization, available online at http://www.un.org/en/decolonization/index.shtml; United Nations General Assembly Resolutions, available online at http://www.un.org/en/decolonization/index.shtml, For ethnicity and religion, see Central Agency Unit's World Fact Book, available online at https://www.cia.gov/library/publications/the-world-factbook/geos/rp.html; United Nations Population Fund, available online at, http://unfpa.org/webdav/site/global/shared/documents/publications/2010/countryprofiles_2010_en.pdf.

logic of Mill's method of agreement, the outcome explained derives from the presence of key explanatory factors in all four countries that are used as samples.

Thus, it may be argued, the security-trade linkages of small East Asian countries in the twenty-first century are being precipitated by the three main factors that they share, namely: high levels of internal and external insecurity; multidimensional and multidirectional security concepts, contexts, and threats; and marginal geo-economic size and geo-political position. Strategic disadvantage can force weaker states to take more innovative approaches to security although not all do so. Exploring how weaker states use trade to solve their security concerns and the trade-offs they make to do so can provide insight into when strategic innovation takes place and when such approaches are more or less effective

1.4.3 Multiple case studies, elite interviews, and documentary analysis

The comparative cross-national study of East Asian security-trade linkages involves an in-depth analysis of the four cases in order to achieve a relatively complete account of the political outcome explained and the key explanatory factors tested. This approach means that I am able to argue persuasively about the relationships between the variables and present causal explanations for the events and processes investigated. By applying the same conceptual framework to all four cases, I am able to comparatively analyse the rationales and motives behind the security-trade linkages of small East Asian countries, as well as their dynamics and effects with respect to specific security referents. Focusing on individual cases enables an understanding of intricate patterns of connection between the component parts of a multifaceted unit. Neil Smelser (1976) posits this is one way of becoming familiar with the ways that constituent parts fit together. Through a thorough and comprehensive analysis of the process of security-trade linking in each of the four case studies, the thesis is able to provide contextual description, develop new classifications, generate hypotheses, confirm theories, and where possible, explain occurrences of deviance within countries.

To provide a preliminary understanding of the outcome explained, I also conduct one-on-one interviews with several key informants from each of the four countries during six months of field research. Since the study emphasises the roles of state and non-state actors in the security-trade linking process the target groups for the interviews are the "elite" representing the government (public officials, policymakers, government think-tanks); civil society groups (academe, NGOs, independent think-tanks); and, where

possible, members of the political opposition parties. Elite interviewing is considered the most effective way to gather information about decision-makers (in relation to those who influence them) and the decision-making process itself (Burnham et al., 2008). Fiona Devine (2002) argues that this technique is particularly significant where explanation entails describing and acknowledging state and non-state actors as conscious and social human entities. By shedding light on the critical issues surrounding security and trade in East Asia, these discussions are able to highlight not only the congruence but also the discrepancy between government rhetoric and action, on the one hand; and state and non-state perceptions, on the other.

Finally, to assist the elite interviewing technique I also systematically analyse available documents – primary, secondary, and tertiary – related to the research.[15] The most important primary sources examined here are official documents pertaining to the national security policies and free trade agreements of the four countries under investigation. In addition, secondary sources such as official government publications including bills, treaties, reports, and studies from various departments, committees, and commissions are also reviewed and consulted. They are scrutinised in conjunction with the security and trade documents, reports, and papers published by concerned regional (ASEAN, APEC) and multilateral (WTO, several branches of the United Nations) organisations and institutions. Lastly, tertiary sources are also surveyed and studied including books, academic journal articles, and theses focusing on the security and trade issues of East Asian countries (particularly with respect to Taiwan, Singapore, the Philippines, and Malaysia).

1.5 RESEARCH SCOPE AND LIMITATIONS

When investigating twenty-first century East Asian security-trade linkages, I focus on periphery and semi-periphery countries located in Southeast and Northeast Asia. The reason is that although security-trade linking is commonly identified as the superpowers' strategy for extracting vital politico-strategic concessions from their respective targets, this study argues that small powers are also utilising these linkages to inform, constrain, and transform these countries' behaviours and the wider context in which they are situated. This classification draws mainly from Immanuel Wallerstein's (1974) world-

[15] Burnham et al. (2008: 165) provides a system of classification for documentary materials: primary, secondary and tertiary. Primary sources consist only of evidence that was actually part of or produced by the event in question. Secondary sources comprise other evidence relating to and produced soon after the event. Finally, tertiary sources refer to materials written afterward to reconstruct the event. See also Lichtman and French's (1978) *Historians and the Living Past.*

systems theory and has been developed further by other scholars such as Christopher Chase-Dunn, Yukio Kawano, and Benjamin Brewer's (2000) research on waves of integration in the global system since the year 1975.[16]

One the most salient structures of the present world-system is the power hierarchy existing between the core and the periphery, where powerful and wealthy core societies tend to dominate and exploit weak and poor, peripheral societies (Wallerstein 1974; Chase-Dunn and Hall, 1997; Chase-Dunn et al. 2000). Acting as a buffer between these two groups are the industrialising and mostly capitalist semi-periphery countries. These countries have both core and peripheral organisational characteristics and are usually located between either core and peripheral regions, or two or more competing core regions (Chase-Dunn and Hall, 1997). According to the studies of these scholars, Taiwan and Singapore are classified as semi-periphery states, while Malaysia and the Philippines are categorised as periphery states (Table 1.1).

Moreover, I focus on one specific security referent for each of the four cases studied, based on the prevailing context present in these countries. By carefully analysing their respective national security policies and strategies, the study can determine their primary referents along with the main issues that directly or indirectly threaten them. In this way, I am able to thoroughly investigate how the process of security-trade linking affects the primary security referents and interests of small countries in East Asia, and conversely, how these primary security referents and interests influence the facilitations and outcomes of various free trade activities and agreements.

Table 1.2 provides a summary of the primary security referents, contexts, origins, directions, and dimensions of insecurity explored and analysed in each of the four countries. In the case of Taiwan, the primary security referent investigated is its shrinking de facto sovereign space against a backdrop of cross-strait security dilemmas engendered by the One China factor. The term "sovereign space" refers to Taiwan's de facto domestic and interdependence sovereignty, as opposed to *de jure* international legal sovereignty, which represents the statist dimension of cohabitative security. Hence, the source of Taiwan's insecurity is external – that is, China.

[16] Wallerstein (1974: 437) defines the world system as '… a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence. Its life is made up of conflicting forces, which hold it together by tension and tear it apart as each group seeks eternally to remould it to its advantage. It has the characteristics of an organism, in that is has a lifespan over which its characteristics change in some respects and remain stable in others … Life within it is largely self-contained, and the dynamics of its development are largely internal.'

Table 2: Contextualising the security-trade linking process [17]

Cases	Primary security referent	Primary security context	Origin of threat	Direction of threat	Cohabitative security dimension
Taiwan	De facto sovereign space	Cross-strait security dilemma	One-China factor	External: China	Traditional, statist
Singapore	Defence space	Security complex vis-à-vis vulnerability fetish	Geographic factor	External: Asia-Pacific region	Traditional, statist
Philippines	Development space	Uneven economic development	Oligarchic factor	Internal: domestic oligarchy and patronage culture	Nontraditional, humanist
Malaysia	Diversity space	One-sided domestic security dilemma	*Bumiputra* factor	Internal: *Barisan Nasional* (BN) vis-à-vis United Malays National Organization (UMNO)	Nontraditional, humanist

In the case of Singapore, the primary security referent is its shrinking defence space against the backdrop of a multidimensional security complex induced by geographic constraints. The term "defence space" refers to Singapore's capacity, both military (hard power) and non-military (soft power) to defend its geo-economic and geo-political viability, which also represents the statist dimension of cohabitative security. Hence, similar to Taiwan, the source of Singapore's insecurity is external – that is, the Asia-Pacific. In the cases of Taiwan and Singapore, security-trade linkages are "statist" given the nature of their primary security referents, contexts, origins, and sources of threat.

Meanwhile, in the case of the Philippines, the primary security referent investigated is its diminishing development space against the backdrop of uneven economic development perpetuated by oligarchic forces. The term "development space" refers to the capacity of the Philippines government to independently and effectively pursue its economic development goals and objectives amid a deeply entrenched oligarchic system of patronage culture, which also represents the humanist dimension of cohabitative security. Hence, the source of the Philippines' insecurity is internal rather than external – that is, the Filipino oligarchy.

Finally, in the case of Malaysia, the primary security referent is its diminishing diversity space against the backdrop of a one-sided domestic security dilemma generated by a Malay-centric political economy run and maintained by the ruling United Malays National Organisation (UMNO) party and the larger *Barisan Nasional* (BN) coalition. The

[17] Based on the author's analysis.

term "diversity space" refers to the capacity of all ethnic groups in Malaysia to participate freely in the country's political and economic affairs, and thus represents the humanist dimension of cohabitative security. Hence, similar to the Philippines, the source of Malaysia's insecurity is internal – that is, the perpetually ruling party regime. In the cases of the Philippines and Malaysia, security-trade linkages are humanist given the nature of their primary security referents, contexts, origins, and sources of threat.

Such classifications, however, do not imply that Taiwan and Singapore are exclusively concerned with the state-centric dimension of cohabitative security, nor do they suggest that the Philippines and Malaysia are entirely concerned with the human-centric dimension. As posited in Section 1.3, these two dimensions are mutually constitutive and reinforcing, and therefore are crucial for the overall stability and security of all four countries. However, given their prevailing security contexts, Singapore and Taiwan tend to focus more on state-centric security while the Philippines and Malaysia tend to put more emphasis on human-centric security. Nevertheless, the human security dimension of Taiwan and Singapore, as well as the state security dimension of the Philippines and Malaysia are also given attention whenever necessary. Of course, these contexts, evolve over time and any one researcher will identify a different context within which the security-trade linking process in each of the four cases can be analysed, depending on their point of view.

Finally, the security-trade linking process cannot be complete without considering various forms of free trade activities. Several scholars and experts have attempted to classify these under three categories: preferential trade agreement or PTA; free trade agreement or FTA; and economic partnership agreement or EPA. Under PTA, contracting parties grant trade concessions to one another without completely liberalising trade. That is, tariffs are reduced, but are not entirely abolished.[18] Signatories to an FTA agree to reduce substantially various trade restrictions such as tariffs, import quotas, and other forms of preference on most, if not all, goods and services traded between them.[19] Lastly, an EPA moves significantly beyond the traditional liberalisation of trade in goods and services. These are asymmetrical trade agreements designed to promote sustainable economic and social development in a way that also supports the successful integration

[18] For a more detailed and comprehensive definition of preferential trade agreements, see Bagwell and Mavroidis' (2011) *Preferential Trade Agreements: A Law and Economics Analysis*; Chauffour and Maur's (2011) *Preferential Trade Agreement Policies for Development: A Handbook.*

[19] For a more detailed and comprehensive definition of regional trade agreements, see Harvie's (2008) *Regional Trade Agreements In Asia;* Kawai and Wignaraja's (2011) *Asia's Free Trade Agreement: How Is Business Responding?;* Hicks and Kim's (2012) 'Reciprocal Trade Agreements in Asia.'

of developing and least-developed trading partners into the global economy.[20] Hence, an EPA is relatively more comprehensive than the PTA and FTA as it is not only limited to tariff reduction mechanisms, but also covers a number of non-traditional trade issues such as the elimination of restrictions on foreign investments; incorporation of a dispute settlement mechanism; and the protection of intellectual property rights.[21]

As shown in Figure 1.9, security-trade linking can be carried out at different levels – multilateral, minilateral, and bilateral. Multilateral trade pertains to the WTO agreements conceived from the 1986-94 Uruguay Round negotiations on the initiative of WTO-member countries and signed at the Marrakesh ministerial meeting in April 1994.[22] In January of the following year, the WTO replaced the GATT, which had been in existence since 1947, as the chief governing body directing the overall conduct of the multilateral trade system.[23] The states that signed the GATT were referred to as "GATT contracting parties."[24] Upon signing, ratification, and enforcement of the new WTO agreements – which incorporates an updated version of GATT known as GATT 1994 – they officially became "WTO members."[25]

The objectives of establishing the WTO go beyond the institutionalisation of a new and more comprehensive international trade regulation system. It was also created to serve as an indispensable multilateral platform, enabling greater efficacy and coherence in the formulation of global economic policies. This would be achieved by building closer relations with key international financial institutions such as the IMF and the World Bank, and other global regulatory bodies including the World Intellectual Property Organization (WIPO), International Telecommunications Union (ITU), and the International Organization of Standards (IOS).[26] As such, the WTO resembles a "central intelligence unit" that is responsible for the creation of a strongly consolidated and significantly broadened regulatory framework designed to carry out three main functions.

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[20] For a more detailed and comprehensive definition of economic partnership agreements, see Brenton et al. (2008) *Economic Partnership Agreements And The Export Competitiveness Of Africa;* Curran et al. (2008) 'The Economic Partnership Agreements: Rationale, Misperceptions and Non-Trade Aspects'; Meyn's (2008) 'Economic Partnership Agreements: A 'historic step' towards a 'partnership of equals'?'; and Patton's (2011) 'Comprehensive Economic Partnership Agreements.'

[21] Ibid.

[22] See the WTO's official website, available online at http://www.wto.org/.

[23] For more information about the history of the GATT, see http://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm.

[24] To view a full list of WTO members and date of accession, see http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm.

[25] To view the official WTO documents, see http://www.wto.org/english/res_e/res_e.htm.

[26] For more information about the WTO's linkages with other multilateral institutions and organisations, see http://www.wto.org/english/thewto_e/coher_e/coher_e.htm.

These are: (i) to create and enforce a series of legal agreements covering trade in goods and services as well as trade-related intellectual property rights issues; (ii) to secure and manage resources required for the facilitation of litigation procedures concerning trade disputes arising between contracting parties; and; (iii) to provide and maintain a permanent forum which can be used as a vehicle toward further liberalisation (Dunning, 2000; Bhagwati, 2001; Wilkinson, 2002; Wolfe, 2004; Steger, 2007; Jackson, 2008).

Over the years, however, regional trade has steadily increased in volume since the early 1990s. As of June 2014, 585 notifications of RTAs (regional trade agreements) – counting goods, services, and accessions separately – had been received by the WTO. Of these, 379 were in force.[27] These RTAs are reciprocal trade agreements between two (bilateral) or more partners (minilateral/plurilateral). The so-called "rush for RTAs" has been widely observed all throughout the Asian region as the network of trade agreements outside the auspices of the WTO continuously expands (Hamilton-Hart, 2003; Dent, 2006; Jackson, 2014). More and more countries are now starting to acknowledge the importance of establishing RTAs when facilitating wider and deeper economic integration within their respective regions. Meanwhile, experts and policymakers from various Asian states have begun to consider the "noodle bowl" composition of various RTA schemes. These are propelled by the active economic engagement of some of the biggest and most powerful trade players in the region including China, Japan, India, and South Korea as well as Australia and New Zealand (Hicks & Kim, 2012: 1-3).

In terms of the actor scope and geographical distribution of FTAs in the Asian region, Vinod Aggarwal and Seungjoo Lee (2011: 4-6) identify five different types of international economic arrangements. These are: (i) bilateral regionalism; (ii) bilateral trans regionalism; (iii) minilateral regionalism; (iv) minilateral interregional/trans regional; and (v) global arrangements.[28] Bilateral regionalism refers to geographically concentrated agreements between a pair of adjacent countries that share profound historic and cultural relationships, as well as complementary industrial structures. [29] Bilateral trans regionalism

[27] See WTO report on regional trade agreements, available online at http://www.wto.org/english/tratop_e/region_e/region_e.htm.

[28] Another version of these classifications can also be found in Vinod and Govella's (2013) 'The Trade-Security Nexus in Asia-Pacific.' Here, typology of trade agreements has been presented: unilateral, bilateral transregional, minilateral regionalism, minilateral interregionalism and multilateralism.

[29] Examples of these are Canada-US FTA (CUSFTA, 1989); Mainland China Closer Economic Partnership Arrangement (MCCEPA, 2003) with Hong Kong and Macau; India-Sri Lanka Free Trade Agreement (ISLFTA, 2001); and the People's Republic of China-Taipei, China Economic Cooperation Framework Agreement (ECFA, 2010). To some extent, both Republic of Korea-Singapore Free Trade Agreement (KSFTA, 2006); and Japan-Philippines Economic Partnership Agreement (JPEPA, 2008) may be classified under this category.

pertains to agreements between two contracting parties geographically dispersed from one another.[30] Minilateral regionalism consists of several geographically interconnected countries implementing a trade agreement or an expanded bilateral regionalism.[31] Trans regional or interregional trade arrangements include a limited number of geographically dispersed actors or minilateral arrangements that transcend physical regional borders.[32] Finally, global arrangements refer to broad-based multilateral agreements in the form of the WTO (1995) and its predecessor, GATT (1947).

However, the problematic nature of the term "regionalism" needs to be underlined. For instance, Aggarwal and Govella (2013) argue that the term is quite subjective since distance is clearly not the only important factor when determining the constitution of a geographic region. In spite of the huge volume of literature pertaining to regionalism, the term remains highly contested, thus highlighting its inherent conceptual ambiguity (Katzenstein, 1997; Mansfield & Milner, 1999; Aggarwal & Fogarty, 2004). Moreover, the term "interregionalism" also needs further delineation. The common practice among scholars and analysts is to lump their assessment of minilateral regional agreements (for example AFTA, NAFTA, and the EU) with those of minilateral interregional/trans regional accords (for example EU-Mercosur), despite the differences between causal factors driving each one of them (Aggarwal & Govella, 2013). Nevertheless, the term can be broken down into more specific types: purely interregional; hybrid interregionalism; and trans regionalism.[33] These subdivisions are "based on the prevalence of PTAs and/or customs unions as constitutive units within interregional agreements" (Aggarwal & Govella, 2013: 8).

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[30] Examples of these are, the United States-Israel Free Trade Agreement (USIFTA, 1985); United States-Jordan Free Trade Agreement (USJFTA, 2001); Taipei, China and Panama Free Trade Agreement (TPFTA, 2004); Japan-Switzerland Economic Partnership Agreement (JSEPA, 2009); Singapore-Peru Free Trade Agreement (SPFTA, 2009); Republic of Korea-United States Free Trade Agreement (KUSFTA, 2012); Malaysia-Chile Free Trade Agreement (MCFTA, 2012).

[31] Examples of these are, the ASEAN Free Trade Area (AFTA, 1993); North American Free Trade Agreement (NAFTA, 1994); Shanghai Cooperation Organization Free Trade Agreement (SCOFTA, proposed).

[32] Examples of these are, the Asia-Pacific Economic Cooperation (APEC, 1989); ASEAN Plus Three Cooperation (APT, 1997); East Asia Free Trade Area (ASEAN+3, proposed); Comprehensive Economic Partnership for East Asia (CEPEA/ASEAN+6, proposed).

[33] Based on Aggarwal and Govella's (2012) analysis, an agreement is said to be 'purely interregional' when it formally links free trade areas or customs unions (e.g. EU-Mercosur). 'Hybrid interregionalism' takes place when a customs union negotiates with countries in various regions, but not with a customs union or free trade agreement (e.g. the Lomé Agreement). Lastly, 'transregionalism' refers to agreement that links countries across two regions where neither of the two negotiates as a grouping (e.g. APEC). See also Aggarwal and Fogarty's (2004) *EU Trade Strategies Regionalism and Globalism.*

1.6 PLAN OF THE THESIS

In **Chapter 1**, I have provided an overview of the present research by discussing the context underpinning it and identifying the key theoretical and empirical gaps that I seek to address. I have also laid down my main research questions and objectives to highlight both the significance of, and rationale for, the study. Moreover, I have presented the main conceptual and theoretical tools that are used when exploring and explaining twenty-first century East Asian security-trade linkages with a particular emphasis on the experiences of periphery and semi-periphery countries. The research design is also presented along with methodologies and techniques employed to meet the primary research objectives successfully. Finally, I have detailed the study's scope and limitations as well as defined key terms used throughout the research.

In **Chapter 2**, I offer a two-pronged review of the literature on security studies and free trade. The main objective here is to thoroughly flesh out the two main strands of the study – security and trade – by exploring already existing theories, the relationships among them, and the ways in which these theories have been examined. These two distinct yet deeply entwined fields of research are linked together in the process, thus highlighting the points where security interests and free trade objectives converge. This two-part chapter builds on the initial theoretical and empirical discussions on security and free trade provided in Chapter 1.

In **Chapter 3**, I present an overview of the security-trade linking process that is shaping East Asia's geo-political and geo-economic landscapes. Here, I focus on the collective experience of East Asian countries through their membership in the two most important institutions in the region, namely APEC and ASEAN. I evaluate some of the key factors that have influenced and continue to influence the progression of security-trade linking process in East Asia. Illustrative cases highlight the dimensions of cohabitative security that are being "co-habited" within APEC and ASEAN's free trade activities and, therefore, drive the development of these FTAs. In addition, I investigate the critical problems encountered when linking contested security issues, specifically at bilateral and minilateral levels.

After providing an overview of regional East Asian security-trade linkages, I proceed to an analysis of individual case studies. These cases form two groups: statist security-trade linkages manifest in the experiences of Taiwan and Singapore; and humanist security-trade linkages understood in terms of Malaysia and the Philippines.

In **Chapter 4**, I investigate the statist security-trade linking process in Taiwan. I explain the process through which Taiwan utilises free trade when enhancing its shrinking de facto sovereignty against a backdrop of the ubiquitous "China factor." Conversely, I also explore how domestic interests over this particular security referent have influenced the creation and utility of Taiwan's twenty-first century free trade agreements. On the one hand, I argue that China's "sinicisation" project creates a scenario where an increasing cross-strait stability ironically leads to a decreasing de facto sovereignty over Taiwan. Alternatively, I posit that such linkages induce a scenario akin to the prisoner's dilemma that compels Taiwanese political parties to preserve the Chinese-dominated cross-strait status quo by adopting a parallel, watered-down approach to sensitive political issues, particularly with respect to Taiwan's sovereignty status. Hence, Taiwanese leaders and policymakers are forced to preserve the island's quasi-independent statehood because of fears that they may lose their remaining de facto autonomy over domestic and foreign affairs. Put differently, Taiwan chooses to be "de facto free" by remaining "*de jure* unfree." Taiwan's de facto sovereign space, therefore, becomes a pivotal referent of its national security policies and strategies. This act of balancing between the two paradoxical interests of enhancing sovereignty and maintaining the Chinese-dominated cross-strait status quo, underlines the relentless games, changes, and fears that Taiwan confronts today.

In **Chapter 5**, I examine the statist security-trade linking process in Singapore. I explain the process through which Singapore utilises free trade to enhance its shrinking defence space against the backdrop of a multidimensional security complex induced by numerous geographic constraints. Conversely, I also explore how domestic interests over this particular security referent influence the creation and utility of Singapore's twenty-first century free trade agreements. I argue that Singapore's geo-political identity as a modern city-state has compelled the government to adopt a comprehensive security strategy that highlights the central role of free trade to enhance its defence space amid strategic insecurities. The country's rude awakening to independence has led to the creation of one of the most important and strategic entrepôts in the Asia-Pacific. Singapore's scarce territorial lands and natural resources combined with huge per capita income, high population density, and sensitive racial mix, makes the island the quintessential pragmatic trading state. Here, I analyse the dynamics with which Singapore has embedded itself at the heart of the global trade system by exploiting free trade agreements that underpin its geo-political viability. In addition, I also assess Singapore's

military ("hard power") and non-military ("soft power") capacities for developmentalism amid its insecurities. Given the vulnerability fetish and siege mentality confronting both its leaders and citizens, the county's pursuit of economic prosperity via free trade has been replete with security undertones.

In **Chapter 6**, I assess the Philippines' humanist security-trade linking process. I explain the process through which the Philippines utilises free trade to enhance its shrinking development space against the backdrop of a deeply entrenched oligarchic system. Conversely, I also explore how domestic interests over this particular security referent influence the creation and utility of the Philippines' twenty-first century free trade agreements. I argue that the country's development riddle continues to undermine the government's so-called human-oriented national security policies and strategies that underline the goal of securing democracy not only for the state, but more importantly, for individuals and societies. On the one hand, I analyse major threats to the country's national security, which are primarily rooted in economic underdevelopment rather than state-centric military conflicts. On the other hand, I examine how various types of free trade activities have been utilised by the government in its attempt to secure the country's continued economic development. Despite the government's all-inclusive national security rhetoric that emphasises inclusive and equitable development, its security blueprint has intrinsic limitations that undermine this goal. These limits have significantly contributed to the country's lacklustre experience with free trade and, largely, highlighted the multiple failures of the Filipino political economy.

In **Chapter 7**, I assess the humanist security-trade linking process in Malaysia. I explain the process through which Malaysia utilises free trade to enhance its shrinking diversity space against the backdrop of a *bumiputra*-centric political economy run and administered by the perpetually ruling Barisan Nasional (BN) coalition. Conversely, I also explore how domestic interests over this particular security referent influence the creation and utility of Malaysia's twenty-first century free trade agreements. I argue that rather than equal political and economic opportunities for all Malaysian ethnic groups, the country's ruling political party as distinct from the coalition has utilised neoliberal economic policies, particularly those pertaining to free trade, when securing its supremacy by promoting and maintaining a Malay-dominated status quo. In doing so, I critically examine the impacts of deeply entrenched Malay-oriented affirmative action policies on Malaysia's diversity space. On the one hand, I analyse Malaysia's conduct of free trade when securing its contracting diversity space under such circumstance. On the

other, I explain why Malaysia continues to preserve its ethnic-based affirmative policies despite their political limitations and economic inefficiencies. Although affirmative action policies are not necessarily a zero-sum policy, nevertheless Malaysia's experience with these has generated a one-sided security dilemma. That is, improvements in political, economic, and social security of *non-bumiputras,* have regrettably led to the heightened political, economic, and social insecurities of the *bumiputras*.

Finally, in **Chapter 8**, I summarise key results generated by the research and draw the thesis to its logical conclusion. I will review the key theoretical, conceptual, and methodological arguments presented in this study and present an analytical summary of the empirical results and findings generated from case studies to answer my main research questions. Furthermore, I will outline general outcomes in the light of specific inferences from case investigations and conclude with a reflection on key points and outlooks regarding the present problems and future prospects for East Asian linkages. In addition, drawing from limitations encountered in the thesis, I will provide some recommendations with the aim of furthering an understanding of the security-trade nexus both in Asia and the rest of the world. Lastly, I offer some final words about the significance of the study, stressing its contribution to existing bodies of knowledge.

Chapter 2
RETHINKING SECURITY AND RE-IMAGINING FREE TRADE

OVERVIEW

In this Chapter, I present a two-pronged review of the literature on security studies, and free trade. The main objective is to connect these two distinct yet deeply entwined fields of research by explicitly highlighting the nodes where security interests and free trade activities converge. By establishing already existing theories, the relationships among them, and the degree with which these theories have been examined, the two main strands of the current research – security and trade – can be thoroughly fleshed out. Together, the reviews on security and trade literature present a map of the research landscape and put into context the research gaps, questions, and objectives discussed in Chapter 1.

The review of security literature in Section 2.1 explores the main problems encountered when rethinking security. Here, I examine three important debates that shape the national security rhetoric and agenda of different states: security referents, security scope, and security approaches. A thorough investigation of these debates provides preliminary understandings of: (i) how states define security in the twenty-first century; (ii) the factors that have led to the reconceptualization of security; and (iii), how the evolution of security thinking influences the identification of the core security elements and threats.

I argue that the primary referents of security are multidimensional and multidirectional as they vary depending on the existing politico-economic and sociocultural contexts as well as on the level of analysis. At the regional level, the security concept vis-à-vis referent is being "homogenised" due to similarities in external factors that threaten regional security. At the domestic level, the security concept vis-à-vis referent can vary from one state to another depending on a number of pre-existing internal conditions such as differences with respect to regime type, level of economic development, as well as sociocultural values and expressions. Accordingly, the scope of security has to be prudently broadened to prevent the complete erosion of its theoretical utility and empirical value. Nevertheless, survival is the ultimate goal for all security referents. This implies that the pursuit of security simultaneously requires competition, cooperation, and community building.

Meanwhile, the review of free trade literature in Section 2.2 explores some of the issues related to the configuration and conduct of free trade both at global and domestic

levels. Here I present a two-tiered debate that helps explain the continued relevance of free trade in the twenty-first century: first, between realism and liberalism; and second, between economists and political scientists. An in-depth assessment of these debates offers initial understandings of: (i) why and how states link their security interests with their free trade activities; (ii) the main motives and rationales behind these linkages; and (iii) their relative effectiveness in promoting, enhancing, and securing their desired outcomes via the security-trade linking strategy.

I argue that beyond the traditional economic imperatives driving free trade are strategic security considerations that have serious implications for the global, regional and domestic configurations of political, economic, and strategic powers. Accordingly, countries continue to trade in the twenty-first century for two main reasons – economic motives and politico-strategic motives. These two motives are not mutually exclusive but are mutually reinforcing. On the one hand, the liberal thesis refocuses the attention of the states to the economic benefits of multilateral trade where people-centric interests trump state-centric interests. On the other hand, the realist thesis underscores the inescapable linkages between security and preferential trade where state-centric security interests subjugate all other forms of interests.

2.1 RETHINKING SECURITY: REVIEW OF SECURITY LITERATURE

In Section 2.1.A, I present the debate with respect to the primary referents of security – between traditional, state-centric security and non-traditional, people-centric security. In Section 2.1.B, I discuss the debate with respect to the scope of security – between a comprehensive and a limited definition of security. In Section 2.1.C, I analyse the debate with respect to the types of strategic approaches to security – between competitive and cooperative approaches. Finally, in Section 2.1.D, I summarize the main arguments presented in the review of security literature and draw some conclusions based on my findings. The results from these discussions are pivotal to the study's main research questions (specifically the third and fourth strands) that address the changing definition and nature of East Asian security in the twenty-first century.

2.1.A PRIMARY REFERENTS OF SECURITY

Traditional, state-centric security

Security remains as one of the most highly contested concepts in international politics in the twenty-first century. The overarching security debate revolves around four key

dimensions: the primary referent objects (PROs) of security; the configuration of core security values and elements; the forms of security threats; and the types of strategic approaches to security. These conflicting interpretations of the security definition underline the absence of a collective understanding among scholars and policymakers. Therefore, rethinking the malleable concept of security has, therefore, become a central feature of the security debate. The debate has gravitated toward discussions between those who believe that the security definition must be comprehensive ("expansionists") and those who argue that the security definition has to be limited ("non-expansionists").[34] Several critics, however, argue that such method is largely inadequate as it only addresses the scope of the security concept while completely sidestepping the disputes concerning the primary referents of and strategic approaches to security.[35] Given the centrality of the primary referents when determining the core values, nature of threats and the types of strategic approaches with respect to a particular security configuration, any initiative that aims to rethink security must start with the referent objects.

Realists argue that for as long as the state remains the primary form of political community and the principal actor in both the domestic and global realms, it will be the chief provider and agent of security (Waltz, 1979; Gilpin and Gilpin, 1987; Alagappa, 1998; Krasner, 1999; Mearsheimer, 2001; Donelly, 2005). The state is the primary referent object of security when one considers the role of the state as the leading security guarantor, on the one hand; and the state system as the main determinant of state behaviour, on the other.

Within the internal domain, the state dictates and defends the rights, freedoms, properties and the very existence of individuals and societies through the construction of political, economic and social systems (Skocpol, 1979; Rosecrance, 1986; Berdal and Zaum, 2013). Within the external domain, the state guards the privileges and liberties of people from the imprudent actions of other states and non-state entities (Bull, 1979; Cox, 1981; Waltz, 2001). In fact, even some of the more oppressive and inefficient

[34] See for example, Radtke and Feddema's (2000) *Comprehensive Security in Asia;* Akaha's (1991) 'Japan's Comprehensive Security Policy'; Hsiung's (2004) *Comprehensive Security: Challenge for Pacific Asia*; Tambe and Ordonez's (2009) 'A Game Theoretic Approach for Allocation of Limited Security Resources'; Hameiri and Jones's (20120 'The Politics and Governance of Non-Traditional Security'; Westing's (2013) *From Environmental to Comprehensive Security;* Wu's (2014) *Non-Traditional Security Issues and the South China Sea.*

[35] See for example, Ullman's (1983) 'Redefining Security'; UNDP's (1994) *Human Development Report*; Buzan's (1997) 'Rethinking Security after the Cold War'; Alagappa's (1998) 'Rethinking Security'; Suh et al. (2008) *Rethinking Security in East Asia*.

governments in the world provide ample security for the lives and possessions of their citizens (Devetak, 1995; Alagappa, 1998). In addition, the state plays a pivotal role in the formation of national identity and the creation of social welfare that is becoming more important amid intensifying cross-border relations (Reus-Smit, 1999; Rae, 2002; Guibernau, 2007). In the words of Muthiah Alagappa (1998: 29-30): "The sovereign state is deemed to separate the inside from outside, order from struggle, and *us* from *them*. In essence, it represents an *in group* with a defined territory and ultimate authority."

Thus, insofar as the realists view the international system as anarchic, they likewise treat security as the overriding concern.[36] Sovereign states attempt to amass much greater power and engage in power-balancing to deter potential rivals, and to enhance their relative security. Without an overarching authority to regulate state conducts and behaviours, moral aspirations are conveniently thwarted. Wars are launched and fought to prevent competing nations from achieving higher levels of security; according to the logic of security dilemma, the security measures taken by one state must be perceived by another state as a threat to its own security (Jervis, 1978; Collins, 1997; Glaser, 1997; Herz, 2003; Booth and Wheeler, 2007; Schweller, 2010). The paramount nature of strategic power and security in an insecure world supersedes the normative goals and ethical pursuits of states, irrespective of their domestic political complexions (Burchill, 2005; Montgomery, 2006).

However, these realist claims about the primacy of the state in domestic and international politics, and the "rightful" referent object of security, face several challenges. The first criticism points to the constantly diminishing capacity of the state for fulfilling some of its key functions including the provision of national security, welfare, identity and environment (Mitchell, 1991; Alagappa, 1998; Guéhenno, 2000; Rotberg, 2003). The state is either too big or too small to satisfy basic human needs and efficiently address immense regional and global threats. In terms of physical security, the state is hardly the most effective guarantor of external defence given the wherewithal of nuclear deterrence strategy for systematically obliterating the individuals and societies that it aims to protect.[37]

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[36] See for example, Mearsheimer's (1990) 'Back to the Future: Instability in Europe after the Cold War'; Buzan et al. (1993) *The Logic of Anarchy; Neorealism to Structural Realism;* Brown et al. (1995) *Perils of Anarchy*; Schmidt's (1998) *The Political Discourse of Anarchy;* Deudney's (2007) 'Regrounding Realism: Anarchy, Security, and Changing Material Contexts'; Seng's (2009) *Collaboration under Anarchy;* Kissane's (2014) *Beyond Anarchy.*

[37] See for example, Ripsman and Paul's (2005) 'Globalization and the National Security State: A Framework for Analysis'; Aydinli and Rosenau's (2005) *Globalization, Security, and the Nation State;*

In terms of economic welfare, the emergence of highly integrated global markets, reinforced by multinational and transnational networks, has substantially reduced the state's autonomy over domestic economic policies and strategies.[38] In terms of identity, a state-configured "national identity" undermines the multi-layered and intersecting identities of individuals and groups, on the one hand; and suppresses the growth of unique regional and local characters, on the other.[39] Finally, in terms of the environment, the most pressing ecological threats today – from climate change to global warming; deforestation to declining biodiversity; water degradation to land rush; ocean system collapse to habitat loss; increased pollution to unsustainable human populations – cannot be effectively tackled at the state level given their significant range.

In short, the state now has to share some of its power and authority with other agents (Alaggapa, 1998; Arts et al., 2001; Milner and Moravcsik, 2009). However, in doing so, the state continues to lose some of its former relevance in international polity, although it this does not mean that the state is becoming an obsolete concept. Nevertheless, the fact that various non-state actors are now playing significant roles in "borderless" political, economic, social and environmental issues is an indication of the gradual devolution of state power in the twenty-first century.

The second criticism relates to the paradoxical role of the state as a progenitor of insecurity, rather than a security provider (Alagappa, 1998; Rotberg, 2003; Paul, 2010). This makes non-state actors innately antagonistic and hostile toward state actors. On the one hand, classical liberalism portrays the government as a necessary evil that must be strictly controlled and regulated; and on the other hand, traditional Marxism depicts the government as a mere proxy for the vicious ruling class.[40] Both accounts view civil society as the source of earnest virtues while the state is considered the root of all irrational and detrimental conflicts.

Governments attempting to impose a state-sponsored identity and legitimise an arrangement that favours a certain elite group at the expense of the majority, adopt a

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Kirshner's (2006) *Globalization and National Security;* Ripsman and Paul (2010) *Globalization and the National Security State.*

[38] See for example, Tanzi's (1998) 'The Demise of the Nation State'; Holton's (2011) *Globalization and the Nation State;* and Löhr and Wenzlhuemer's (2013) *The Nation State and Beyond.*

[39] See for example, Velayutham's (2007) *Responding to Globalization: Nation, Culture, and Identity in Singapore;* Blum's (2007) *National Identity and Globalization*; Martel's (2010) *The Sociology of Globalization;* and Ariely's (2012) 'Globalisation and the Decline of National Identity?'

[40] On classical liberalism, see for example, Conway's (2004*) In Defence of the Realm: The Place of Nations in Classical Liberalism;* Lal's (2006) Reviving the Invisible Hand: The Case for Classical Liberalism in the 21st Century; van de Haar's (2009) *Classical Liberalism and International Relations Theory*; Arnold's (2009) *Imposing Values: An Essay on Liberalism and Regulation*.

"national" security ideology that justifies their oppressive policy instruments (Adamson and Demetriou, 2007; Blum, 2007; Adams, 2010; Chong, 2010). Thus in some instances, the state reinforces the insecurities and vulnerabilities felt by the marginalised groups in the society, rather than improving their sense of security (Alagappa, 1998; Rotberg, 2003; Paul, 2010). To this extent, the concept of national security becomes an instrument for curtailing individual and societal security. Therefore, identifying the "correct" referent object(s) of security becomes problematic and contentious amid competing and often irreconcilable interests that demand urgent actions.

The third criticism asserts that the state should not be viewed as an end goal in itself. On the contrary, the state is an apparatus designed to secure the life and freedom of the people and ensure their socioeconomic welfare. Accordingly, the primary goal of national security should be the protection not of the state, but of the individuals, groups and societies constituting it (Alkire, 2003; McFarlane and Khong, 2006; den Boer and de Wilde, 2008). This implies that the primary referent object of national security policies and strategies must be people-centric, rather than state-centric, particularly in cases that contest the legitimacy (or the lack thereof) of the state, government or regime. In the absence of people's consent and support, political institutions lose their legitimacy (UNDP, 1994; Alagappa, 1998; OECD, 2010; Silva, 2014). Likewise, without individuals and communities occupying and claiming a piece of land, a territory loses its worth and meaning (UNDP, 1994; Alagappa, 1998; OECD, 2010; Silva, 2014).

Imminent threats become relevant only when they pose tangible risks to the people and their means of support. In short, security is essentially about human beings (UNDP, 1994). However, because of the presence of systemic constraints induced by deeply embedded political constructs, the space of people in the security rhetoric and agenda is undermined. Humans become one of the sub-elements of the state along with sovereignty, territory and government. In some cases, this leads to the deliberate sacrifice of people and societies in the name of national interests.

Non-traditional, people-centric security

These three criticisms infer that the most fundamental weakness of a state-centric security concept relates to what it excludes as a security problem. Hence, identifying which among the laundry list of issues is framed as "security threat" becomes highly politicised and controversial as it determines which segments of the population either survive or perish. Since the inception of the United Nations in 1945, the organisation has

advocated for the equal treatment of state-centric and people-centric security. This aspiration was articulated in a report submitted by then US Secretary of State Edward Stettinius, Jr. to the White House (cited in Smith, 2005: 40-41):

> The battle of peace has to be fought on two fronts. The first is the security front where victory spells freedom from fear. The second is the economic and social front where victory means freedom from want. Only victory on both fronts can assure the world of an enduring peace. No provisions that can be written into the Charter will enable the Security Council to make the world secure from war if men and women have no security in their homes and their jobs.

The first major advancement in the human security agenda has finally come into view with the release of 1994 Human Development Report (HDR) published by the United Nations Development Programme (UNDP), which stated that:

> The concept of security has for too long been interpreted narrowly: as security of territory from external aggression, or as protection of national interests in foreign policy or a global security from the threat of nuclear holocaust, forgotten were the legitimate concerns of ordinary people who sought security in their lives.

Therefore, what the concept of human security attempts to change is the referent object of security (that, which is secured). The emphasis shifts from state security to the security of individuals and social communities where global civil society is increasingly becoming an important security agent. To some extent, human security represents an evolutionary thinking – a paradigm shift that goes beyond a states' preoccupation with nuclear security (UNDP 1994).

The report tackled what the United Nations deemed as the two most fundamental forms of human freedoms – freedom from want and freedom from fear. The former refers to safety from chronic threats such as hunger, disease and repression, while the latter pertains to protection from sudden and hurtful disruptions in patterns of daily life whether at homes, jobs and within communities. Recognising that such definition entails an endless list of threats – both real and imagined – to human security, the United Nations has identified seven key sectors that would comprise human security. These are: economic, food, health, environmental, personal, community and political security (UNDP, 1994: 24-25).

Although this broad and all-encompassing definition may be acceptable for most human security advocates, nonetheless, it leads to conceptual and theoretical ambiguities that substantially diminish its analytical utility (Tadjbakhsh and Chenoy, 2007; Frerks and Goldewijk, 2007; Goucha and Crowley, 2008; Kaldor et al., 2013). A focal point in the human security rhetoric is the equal treatment of all human interests and objectives in order to develop an inclusive and holistic security paradigm. Because of wide-ranging formulations and sweeping definitions of human security, establishing a hierarchy of priorities becomes extremely contentious.

Such form of security conceptualisation underlines two important problems commonly encountered when assigning individuals and societies as the primary referent objects of security. First, deciding which among the issues presented as threats can be ruled out poses difficulties for government leaders, policymakers, and even security specialists since it ultimately leads to questions of differing value systems.[41] Second, highlighting the general disinterest of the UN towards providing 'human security' a more coherent and measurable operational definition, because the concept derives much of its strength and intellectual rigor from a holistic and inclusive conceptual approach.[42]

Evidently, a certain type of political organisation is still necessary even as the security concept gradually evolves to encompass people-centric security issues. The state remains the most vital instrument for facilitating political allegiance and affiliation despite its numerous faults and limitations (Alagappa, 1998; Ripsman and Paul, 2005, 2010). Moreover, the state maintains its position as the primary agent of security and welfare functions required in any society. Given its role as a vital medium that interlinks local, regional and global networks, the state remains an important fixture of the twenty-first century international system.

Indeed, the usefulness and significance of the state as a primary unit of political community has frequently been questioned yet, it remains largely relevant. There seems to be a tacit cultural support that reinforces the principle and practice of sovereign statehood at a global level (Jackson and Rosberg, 1982; Alagappa 1998; Opello Jr. and Rosow, 2004; Rodrik, 2012). This is partly due to the observation that post-statist approaches to political organisation are neither well developed nor well grounded. Hence, the notion that fundamental systemic transformations must be initiated to

[41] See for example, UNESCO's (2008) 'Human Security Approaches and Challenges'; Remacle's (2008) 'Approaches to Human Security: Japan, Canada, and Europe in Comparative Perspective; Tow et al. (2013) *New Approaches to Human Security in the Asia-Pacific.*

[42] See for example, Shinoda's (2004) 'The Concept of Human Security: Historical and Theoretical Implications' and Prezelj's (2008) 'Challenges in Conceptualizing and Providing Human Security.'

mitigate dangers associated with sovereignty does not seem to bode well for most actors in the international system. Consequently, the state persists as the dominant actor in local and international spheres, and the primary form of organised political community. However, this does not imply that the state has become a perpetual element of international politics as the possibility of facing demise and substitution by another entity remains. Given its continued resilience amid intensifying regional and trans regional integration, the state will remain that most powerful political organisation in the immediate future (Taylor, 1991; Hoffman, 1992; Ruggie, 1993; Krasner, 1995; Alagappa, 1998).

In other words, there seems to be no viable substitute for the state system even in the twenty-first century. Since the meaning and subtext of security are deeply linked to "historically specific forms of political community" (Alagappa, 1998: 33) and "because other forms of political community have been rendered unthinkable" (Walker, 1990: 5), "the understanding of security continues to involve primarily the concerns of state security" (Alagappa, 1998: 33). Nevertheless, it is important to emphasise that the enduring relevance of the state does not make it the sole referent object of security. The limitations and contested legitimacy of some states imply that government-defined security policies and strategies may be contradictory to the security interests of people and communities. Thus, national security cannot be reduced to state security.

Moreover, the magnitude and range of interstate differences with respect to power capabilities; style of self-governance; level of internal political cohesion; degree of monopoly over legitimate use of forces; and the ability to participate in regional and global activities, greatly affects the primary referents of security and origins of insecurity (Alagappa, 1998; Sahni, 2008; Wibben, 2011; Harada and Kimura, 2011; Watson, 2012). In short, there is no "one-size-fits-all" model for determining the primary referents of security across countries and the elements that must comprise them. Both the referents of security and sources of insecurity may diverge from one state to another. While remaining the most influential agent of political organisation, the state now has to exist alongside other focal international, regional and subnational entities that comprise an intricate web of authority and power (Alagappa, 1998; Sahni, 2008; Wibben, 2011; Harada and Kimura, 2011; Watson, 2012). Consequently, a host of all other units or objects present across these levels can become a primary referent of security aside from the state. The nexus of these varying security referents are contingent upon prevailing contexts. This is also true for the relative meanings, positions and importance of these

security referents. Over time, security referents may change and transform. Therefore, they are neither prearranged nor assumed but are constantly being re-thought, re-imagined and re-examined.

2.1.B SCOPE OF SECURITY

Limited national security

The debate with respect to the scope of security touches several components: whether or not security must be redefined to encompass "below-the-state" or people-centric dimensions of security; whether or not orthodox formulations of security based on state survival and military power remain appropriate; and whether or not non-traditional forms of threats are to be incorporated in the revised security agenda. In general, the realist thesis tends to overlook internal aspects of security despite the pervasiveness and magnitude of violence and aggression within the domestic sphere.[43]

In particular, the neorealist assumption underlines a unitary sovereign state that acts and behaves rationally. This is based on the argument that within the national domain, there is legitimate government that has absolute control over the legitimate use of violence (Waltz, 1979; Katzenstein, 1996; Chatterjee, 2003; Coicaud and Wheeler, 2008). In contrast to an anarchic and self-help international realm, the domestic realm resembles stability and order. Thus, while international politics is portrayed in Hobbesian terms, domestic politics is characterised by law, authority and administration (Waltz, 1979; Katzenstein, 1996; Chatterjee, 2003; Coicaud and Wheeler, 2008). Reconceiving that state as a unitary, cohesive and sovereign naturally precludes internal security issues (Alagappa, 1998).

Therefore, the dichotomous distinction between global and domestic politics needs to be rethought and should not be the main basis for security analysis. Rather than using the concept of sovereignty as an analytic assumption, some scholars have argued that it is best to view it as a point of reference or simply a convention (Milner, 1991; Wendt, 1992; Krasner, 1995; Alagappa, 1998). Therefore, the state cannot always be assumed cohesive and legitimate. Governments in some states do not always possess monopoly over the legitimate use of violence, in the same manner that the people residing within existing national borders do not always identify and connect with the

[43] See for example, Keohane's (1986) *Neorealism and Its Critics;* Møller's (1992) *Common Security and Non-offensive Defense: A Neorealist Perspective;* Frankel's (1996) *Realism: Restatements and Renewal;* Mearsheimer's (2001) *The Tragedy of Great Power Politics.*

state. In such instances, rather than being the chief provider and agent of security, the state has paradoxically become the main culprit of insecurity.

Wide-ranging internal security issues pose significant threats to the governments of different countries. For instance, in the case of failed states the domestic sphere can be considered as anarchic as the international sphere (Hameiri, 2007; Patrick, 2011; Starr, 2013). The security problems generated by these states – mass genocides; racial violence and ethnic cleansing; internal displacements forcing out refugees; vicious competitions for scarce resources – not only affect their citizens but also the broader regional communities. When violent domestic conflicts induce externalities that transcend national boundaries, the distinction between internal and external politics becomes blurry. Nevertheless, presumptions about the nature of the domestic realm – law, order and authority – and the state's supposedly unitary character, erroneously exclude domestic issues that have considerable effects on communal, national and global security (Alagappa, 1998; Newman, 2001; Huysmans, 2002; Farrell, 2002).

Comprehensive national security

The realist construction of security has been challenged from different angles. The first set of counterarguments comes from the neoliberal thesis. In particular, neoliberal institutionalists argue that international institutions can substantially reduce the adverse effects of anarchy, as suggested by neorealism.[44] Thus, political survival does not always have to be presented as a dangerous pursuit since a comparatively high level of global governance is achievable (Keohane, 1986). As Barry Buzan has noted (1993), the international society is a natural consequence of international relations within anarchy just as the balance of power is. To this extent, it is inferred that while interdependence – an equally important structural feature of the international system – has been severely neglected, anarchy has been grossly overstated (Milner, 1991; Alagappa, 1998).

At the core of commercial liberalism theory is the assumption that the intensification of free trade and economic interdependence is progressively transforming the nature of international politics by mitigating the destructive impacts of anarchy (Brown et al., 1995; Press-Barnathan, 2006, 2009; McDonald, 2009; Doyle 2011). Based on this context, trade vis-à-vis economic interdependence is viewed as a vehicle to peace. The growing interconnection between domestic economic welfare and global markets

[44] Campbell and Pedersen's (2001) *The Rise of Neoliberalism and Institutional Analysis;* Leonard's (2005) *The Onset of Global Governance*; Weiss and Wilkinson's (2014) *International Organizations and Global Governance.*

diminishes the salience of sovereignty and territorial concerns. Although military security will remain a vital component, state behaviour will be influenced more by the demands of interdependence and less by the insecurity associated with anarchy.

Among Western countries, for example, war has increasingly become obsolete as leaders begin to realise both its irrationality and ineffectiveness as an instrument for enhancing national economic well-being. As posited by the democratic peace theory, the realm of democratic states is inherently peaceful since democracies do not engage in armed conflicts and wars with other identified democracies (Russett, 1993; Maoz and Russett, 1993; Owen, 1994; Doyle, 2011). Put differently, the relations among democratic states are relatively more peaceful than the interactions among the non-democratic countries, on the one hand, and between democracies and non-democracies, on the other.

It is the regime type rather than the material composition of the international system that determines the probability of war.[45] There are two interrelated factors that underwrite this conjecture: first, the presence of powerful institutional constraints such as checks and balances, and weight of public opinion within a democratic system; and second, the implantability of democratic values and ideals such as cooperation, compromise and peaceful conflict resolution from the domestic to the international realm (Russett, 1993; Maoz and Russett, 1993; Owen, 1994; Doyle, 2011).

Therefore, the material structure has become a weak factor for explaining state behaviour. The deepening economic interdependence, spreading democratic norms and institutions, and the increasing cost of war and its declining utility have all contributed to the proliferation of peace. Given the depth and range of these changes, as well as their mutually reinforcing nature, their impacts will be difficult to reverse. For these reasons, traditional security issues, specifically the military threats to state sovereignty and territory, are becoming less prominent.

The second set of criticisms pertains to the relegation of vital political, economic, social and cultural elements of security while disproportionately highlighting military elements. The main argument here is that human collectivities are also subject to traditional and non-traditional security threats. The disregard for people has resulted in a heightened militarisation of international relations, particularly with respect to security.

[45] See for example, Brawley's (1993) 'Regime Types, Markets, and War'; Debs and Geoman's (2010) 'Regime Type, the Fate of Leaders, and War'; Gartzke's (2001) 'Democracy and the Preparation for War: Does Regime Type Affect States' Anticipation of Casualties?'; Filson and Werner's (2004) 'Bargaining and Fighting: The Impact of Regime Type on War Onset, Duration, and Outcomes.'

Thus, it is pertinent to acknowledge the presence and importance of these dimensions and incorporate them in the analysis of security in the twenty-first century.

Since the end of the Cold War, the security realm has gone through a twofold process of "broadening" and "deepening." [46] The broadening process refers to the inclusion of non-military security threats such as widening inequality and exacerbated poverty; scarcity in natural resources and environmental exploitation; internal displacements and mass refugee movements; spread of diseases and transnational terrorism. The deepening process pertains to the increasing openness of the field to accommodate the legitimate security concerns of individuals, groups and collectivities driven by a wide range of non-military threats similar to those just mentioned (Ullman, 1983; Paris, 2001).

The philosophical groundwork behind this reflective evolution in security thinking relates to the universalism of life claims. Universalism, according to the 1994 Human Development Report is empowering people by focusing directly on human beings and demanding non-discrimination among everyone irrespective of gender, religion, race and ethnic origin. The collective stand pulls together present demands of human development with the exigencies of development in the future. It recognises the sanctity of national sovereignty and appreciates the integrity of territorial boundaries, but only for as long as the political leaders of these states provide security and respect the human rights of their people (UNDP, 1994).

As mentioned earlier, the notion of security has primarily been influenced by the propensity of individual states to wage destructive wars against one another. National security has always been narrowly defined in military terms by politicians and policymakers. This is partly because it is easier to direct the attention and interest of the inattentive public toward military threats as opposed to non-military dangers (Ullman, 1983). Developing a consensus with respect to which types of military strategies can be deployed in solving existing international crises is far less complicated than reaching agreements on other non-military measures (Ullman, 1983).

Consequently, security has been conceived as military threats to states' sovereignty and territorial boundaries. As the UNDP (1994) has argued, conventional approaches to security have ignored the security of the voiceless, the marginalised and the poor across the globe. The security of these groups had been consistently

[46] See for example, Krause and Williams' (1996) 'Broadening the Agenda of Security Studies: Politics and Methods'; Booth's (2008) *Theory of World Security*; Newman's (2010) 'Critical Human Security Studies'; and Saleh's (2010) 'Broadening the Concept of Security: Identity and Societal Security.'

undermined by the traditionally ethnocentric definition of security. The insecurity felt by the majority of the population is engendered by the uncertainties of daily life, rather than the fear of yet another catastrophic global occurrence. Hence, the referent object of security must include state actors since the critical question of "whose security" cannot be adequately answered in terms of the state (Booth, 2008; Saleh, 2010; Newman, 2010).

By disproportionately highlighting military threats, the attention and interest of the public is diverted from dangers taking shape within the national borders. Threats outside the conventional interpretations of security have equal or greater potential to destabilise the whole country, yet they are pushed on the backburner. Such an approach provides a misleading notion that external threats are far more dangerous than the threats that crop up internally (Ullman, 1983; Paris, 2001; Booth, 2008; Collins, 2009). When the concept of security is strictly defined as the threat of terrorism, military responses gain the upper hand and diminish the likelihood of achieving a more people-centric security. Therefore, what is needed is a security paradigm that identifies poverty, social collapse and civil conflict as core components of a global security threat that must be dealt with accordingly (UNDP, 1994).

The Human Security Network headed by Canada, Japan and Norway, alongside a group of international non-governmental organisations (INGOs) pursuing various initiatives and different causes, propagates the human security maxim to create "a more humane world where people can live in security and dignity, free from want and fear and with equal opportunities to develop their human potential to the full" (HSN, 2013). Indeed, the coalition is able to successfully incorporate within its agenda a wide array of "noble" objectives based on overlapping moral aspirations by deliberately framing a flimsy operational definition and ambiguously establishing boundaries to human security.

Whereas state security concerns itself mainly with the security of state actors with governments and regimes as its main referent objects, human security focuses on the security of non-state actors with individuals, groups and societies. Whereas state security protects citizens from external threats, human security manages internal challenges that threaten the existence of grassroots civil societies. Whereas a state-centric security agenda contains immediate concrete threats, a human-centric agenda enriches human conditions in the end.

Finding the middle ground

The significant bulk of current literature on human security provides comprehensive reviews of existing definitions and proposes several ways in which they can be narrowed down.[47] A much smaller portion focuses on the feasibility of transforming a human security concept into an indispensable analytical framework with significant practical applications.[48] Paris (2001) argues that efforts made toward honing an all-encompassing definition of human security are undermined by the notion that the concept's intellectual dynamism and political influence rest largely on principles of inclusiveness and integration. A holistic approach to the human security concept sets an effective backdrop for strong cooperative measures pursued by the constituents of the Human Security Network. The concept's malleable design allows all members of the coalition to pursue a wide array of objectives born out of different threats – both real and perceived – while espousing a myriad of ideologies and perspectives rooted in distinctive value systems.

However, such practice renders human security a sterile analytical tool for academic research and policymaking. While the explicit and unapologetic haziness of its definition makes human security an effective catchphrase for uniting a host of conflicting doctrines, nonetheless, it has also led to the substantial diminution of explanatory power. Hence, critics argue that the human security paradigm provides little guidance for both scholars and legislators due to its intrinsic definitional elasticity and built-in structural incoherence (Owen, 2004; Tadjbakhsh and Chenoy, 2006; Goucha and Crowley, 2008).

For legislators and public officials the most contentious debates arise from decisions concerning the allocation of scarce government resources to a broad range of human security issues - all deemed to be equally urgent and important (Paris, 2001; Alkire, 2003; McFarlane and Khong, 2006; Oberleitner, 2014). Establishing a hierarchy of priorities becomes highly contentious and problematic because of sweeping formulations and definitions of human security. As mentioned, a focal point in the human security ethic underscores both the inclusiveness and holism of the concept, which requires the audience to treat all interests and objectives encapsulated within the agenda as equally crucial and necessary (Owen, 2004; Tadjbakhsh and Chenoy, 2006; Goucha and Crowley, 2008).

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[47] See for example, Owen's (2004) 'Human Security - Conflict, Critique and Consensus'; Tadjbakhsh and Chenoy's (2006) *Human Security, Concepts and Implications, London; Kaldor's* (2007) *Human Security;* Fukuda-Parr and Messineo's (2012) 'Human Security: A Critical Review of the Literature.'

[48] See for example, Alkire's (2003) 'A Conceptual Framework for Human Security'; Goucha and Crowley's (2008) *Rethinking Human Security;* UNDP's (2009) *Delivering Human Security through Multi-level Governance*; McIntosh and Hunter's (2010) *New Perspectives on Human Security;* Kostovicova's (2014) 'From Concept to Method: The Challenge of a Human Security Methodology'; Murshed's (2014) 'An Economist's Perspectives on Human Security.'

Moreover, the ambiguity of the human security discourse allows it to cover both material and ideational aspects of security. This becomes problematic when one attempts to evaluate how specific variables lead to a relative increase or decline in the overall level of human security since the investigation of causal relationships demands a certain level of analytical partition which the concept evidently lacks (Tadjbakhsh and Chenoy, 2006; Glasius, 2008; Wibben, 2008). Significant efforts, therefore, must be directed towards operationalising the human security concept by moving away from all-encompassing formulations to a more coherent interpretation of the term.

Adhering to this call, Gary King and Christopher Murray (2001) propose a human security model comprised of five indicators that are deemed significant enough to merit war among citizens in their quest for survival. These are poverty, health, education, political freedom and democracy. Such formulation is deemed necessary for the systematic and analytical approach to assessing relative levels of human security among different groups, individuals and communities. They argue that through such a conception of security, considerations for the welfare of below the state actors override those of sovereignty and territorial integrity. Put differently, human insecurity represents the point beneath the well-being threshold, which is the state of generalised poverty.

Similarly, a human security audit that incorporates measures of direct and indirect threats to personal safety and freedom was constructed by Kanti Bajpai (2000) to perform two related functions. First, draw the line around human security by highlighting the most critical threats confronting human collectivities across all regions. Moreover, second, provide an assessment concerning the nature and severity of these identified threats prior to deciding whether the threatened referents are capable of launching containment measures to deter them.

However, it can be problematic to categorise specific values as more important than others without offering any compelling rationalisation to establish a certain degree of credibility. As Paris (2001) argues, the validity and soundness of an operationalised definition of human security based on identified key components will be subject to criticisms by those espousing a different set of values as they vary from one society to another. The challenge goes beyond a straightforward act of narrowing down the concept to providing convincing justifications for highlighting certain norms and standards, while sidestepping the others. Therefore, the paradigm's conceptual vagueness and flexible boundaries perform a strategic role in the human security enterprise by binding together a highly diverse and often unstable coalition of state and non-state

actors in order to capture the top political interests that attract the biggest financial resources (Alkire, 2003; Kaldor, 2007; McIntosh and Hunter, 2010; Fukuda-Parr and Messineo, 2012).

From the viewpoint of coalition members, greater ambiguity means greater "stability" at least in terms of resources (Paris 2001). The network can provide enough space to accommodate a broader scope of interests and objectives by downplaying individual differences, thereby extending its membership. These arguments infer that members of the human security network will have no incentive to tighten up this loose concept and remedy its definitional elasticity. It will not be possible to promote greater specificity; only individual differences will be magnified. Alienating specific members through certain criteria can potentially lead to the deterioration and potential demise of the coalition as a whole.

Thus, for some analysts, the linking of non-military issues and security represents a "muddled thinking" (Alagappa, 1998; Tadjbakhsh, 2014; Christie, 2014). There are several reasons for this assertion. Take for instance the issues of economics and security. First, defining the exact composition of economic and environmental security can be very problematic as these issues can be operationalised in multiple and conflicting ways.[49] Second, even when satisfactorily outlining the definition of economic and environmental security, identifying threats also presents huge challenges.[50] Third, the idea of securitising economic and environmental concerns has the unintended consequence of nationalising and militarising economic and environmental relations, which make their resolutions even more challenging.[51] Fourth, both economic and environmental problems are deemed ontologically different from military threats to states.[52]

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[49] With respect to economic security, economists may define it as having high levels human development; maintaining global comparative and/or absolute advantage; free access to production resources and the markets for goods and services; or the protection of the international economic arrangement. See for example, Barnett (2001); Dalby (2002); ILO, 2004; Mesjasz (2008); Goldstein and Mansfield (2012); and Suzuki (2013). Meanwhile, with respect to environmental security, ecologists are continuously debating the term 'environment' in the absence of a clear and compelling norm. See for example, UNECE's (2003); Floyd and Matthews (2013); Chalecki (2013).

[50] On the one hand, a whole gamut of economic activities is anchored in the world market economy governed by a network of multilevel actors, which makes it difficult to identify specific threats to the national economy. On other hand, the lack of consensus among environmental experts as to the interpretations of available scientific evidences prevents governments from taking preventive measures given the ambiguity of these ecological threats and the enormous costs for addressing them. See for example, Alagappa (1998); de Soysa 2008; Hilhorst et al. (2014); Jolly (2014).

[51] For instance, the term 'economic security' may lead to calls for stronger protectionist measures and greater self-reliance to mitigate vulnerabilities. While the urgency denoted by the term 'environmental security' may deprive critical environmental issues of the continuing attention they

In short, nothing significant can be gained from ascribing the word security to a host of non-military issues given the lack of theoretical and empirical value for these linkages. When all issues that pose threats to life in general are perceived as threats to national security, the explanatory power of the term significantly shrinks. Therefore, the nexus between security and various non-traditional issues is only apposite in the context of regional and global conflicts where they are viewed as factors to be accounted for when gauging the impact of violent wars and conflicts.

Although these criticisms merit attention, they are also subject to some questioning. First, the distinctions between traditional and non-traditional security issues can be overcome. As argued earlier, politico-military threats to state sovereignty and territorial integrity are engendered both by internal and external factors. In this sense, regional and global cooperation vis-à-vis institutions are vital to the extenuation of state-centric security issues (Alagappa, 1998; Glasius and Kaldor, 2006; Hoffstaedter, 2012; Martin and Owen, 2014). This is particularly relevant at a time when states face some serious constraints due the burgeoning benefits of global specialisation, on the one hand; and the viciousness and escalating costs of war, on the other. Thus, collective security is not necessarily antagonistic to the concept of national security. Rather than diametrically opposed, the two can be mutually reinforcing.

Second, defining security strictly in terms of organised violence leads to a false conclusion that issues that do not entail or constitute force cannot be security problems (Alagappa, 1998; Gasper, 2014; Krause, 2014; Sen, 2014). As discussed earlier, there is a whole range of other instruments employed to protect or challenge the traditional core values of the state. Third, limiting the discussion of security within a nation-state level creates a misleading notion that security cannot be analysed at various levels and with respect to various non-state referents (Christie, 2014; Martin and Owen, 2014; Tadjbakhsh, 2014). While tensions may seem inevitable given the competing approaches undertaken across different contexts and at different levels, the same will be true even when security problems are independently assessed and exclusively managed by domestic state actors (Alagappa, 1998).

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require. See for example, Alagappa (1998); Nesadurai (2006); Uvin (2008); Dalby (2008); Stiglitz et al. (2013).

[52] Analysts have identified several crucial differences between traditional, state-centric issues and non-traditional, people-centric issues such as those relating to economics and environment: nature and source of the threats; level of intentionality; degree at which the threats have to be resolved; and the strategies for containing them. The mere labelling of economic and environmental issues as security threats change neither their nature nor the approach for dealing with them. See for example, Alagappa (1998); Christie (2014); Gasper (2014); Krause (2014); Sen (2014); Tadjbakhsh (2014).

Fourth, preventing the rethinking and restructuring of the security concept despite the evolving domestic and international conditions can also undermine its practical and analytical utility (Krause and Williams, 1996; Alkire, 2003; Saleh, 2010; Martin and and Kostovicova, 2014). Given the innate tendencies of terms and concepts to evolve, the scope of national security will also change over time and across space. As such, security has to be conceptualised in a more flexible manner in order to reflect and adapt to a variety of changes. Fifth, criticism that points to the fundamentally different expertise required for tackling nonconventional issues underlines the need for interdisciplinary and multidisciplinary approaches to security studies, rather than deliniating the boundaries of security on the basis of an analyst's expertise (Alagappa, 1998; Christie, 2014; Krause, 2014). The argument is that the expertise of these so-called experts of national security only stretches as far as their respective fields of specialisation.

Clearly, the identification and delineation of security presents an intellectual paradox. On the one hand, categorising all issues as security concerns without following a specific criteria for doing so reduces the theoretical coherence and empirical utility of the concept. Yet, the very process of selecting a set of criteria pertains only to particular models. Thus, selecting which issues to label as security threats becomes highly subjective. On the other hand, the traditional conception of security is increasingly constricting and misleading. Focusing solely on the issues that relate to state defence overlooks other equally important dimensions of security that affect survival. Thus, calls to reimagine the security concept beyond the statist realm of force continue to increase.

2.1.C STRATEGIC APPROACHES TO SECURITY

Realist competition

From the neorealist perspective, the absence of an overarching authority that ensures survival under anarchy implies a self-help system where states handle their security. This makes the pursuit of security inherently competitive (Brown et al., 1995; Mearsheimer, 1994; Donnelly, 2005; Glaser, 2010). As Kenneth Waltz (1979: 118) has argued, states "at minimum, seek their own preservation and, at maximum, drive for universal domination." To enhance the chances of survival, states, therefore, need to develop their national capabilities. Such a strategic approach to security results in heightened competition that is viewed as an inescapable consequence of an anarchic international system. Competition for security forces states to be concerned with relative advantage

rather than absolute gain. This results in a security dilemma. In other words, states are more interested to know whether the gains that they accumulate outweigh those of the others. States are predicted to baulk at cooperation if they expect to benefit less than their rivals. For as long as the international system is anarchic, analysts posit the influence of the security dilemma will remain (Keohane and Martin, 1995; Mearsheimer, 1994; Alagappa, 1998; Glaser, 2010).

Against this backdrop, self-reliance is deemed the most effective and efficient approach to ensuring national survival. Within hierarchic political orders – where units stand in relationships of authority and subordination – actors tend to "bandwagon" with the strongest and most powerful state to increase their gains while simultaneously reducing their losses.[53] In contrast, under anarchy, the capabilities of states, particularly great powers, will always be a threat since there is no central authority to enforce order. Instead of the bandwagon, smaller, weaker states attempt to reduce risk by "balancing" against the stronger party since it is the latter that threatens them.[54]

Consequently, temporary alliances and alignments are formed in response to the power asymmetry in the system (Keohane and Martin, 1995; Donnelly, 2005; Glaser, 2010). They are temporary since their construction is based primarily on the shifting distribution of power and varying calculations of national interest (Mearsheimer, 1994). Neorealists, therefore, are cynical toward cooperative approaches to security. While they accept that cooperation may exist, it is hard to achieve and even more difficult to maintain. Several factors such as the option to cheat, concern for relative gains, and the risk of neglecting national capabilities, significantly undermines the impetus for cooperation (Mearsheimer, 1994; Alagappa, 1998).

Not surprisingly, neorealists tend to downplay the power of norms and institutions, dismissing them as a "false promise" or a type of "organised hypocrisy." They are mere extensions and reflections of the power amassed by the dominant players and have no autonomous impact on the conduct of the state system. In the words of John Mearsheimer (1994: 5-7) institutions "matter only on the margins" and "have no independent effect on state behaviour." As far as the realists are concerned, collective

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[53] See for example, Goldstein's (1991) *From Bandwagon to Balance-of-power Politics;* Schweller's (1994) 'Bandwagoning for Profit: Bringing the Revisionist State Back In'; Kydd's (2005) *Trust and Mistrust in International Relations*.

[54] See for example, Sheehan's (1996) *The Balance of Power: History and Theory;* Paul et al. (2004) *Balance of Power: Theory and Practice in the 21st Century;* Little's (2007) *The Balance of Power in International Relations: Metaphors, Myths and Models;* Kaufman's (2007) *Balance of Power in World History.*

security is a weak approach to enhancing national security, as it requires the subordination of domestic interests to that of the wider communities.

Thus, from a neorealist perspective, both the problem of and the strategic approach to security are best explained using the logic of anarchy. Since its consequences are immutable, power and diplomacy are vital instruments of national survival (Rich, 1991; Kissinger, 1993; Alagappa, 1998; Whiton, 2013). State behaviour is determined mainly, if not solely, by material structures underpinning the international system rather than ideas and institutions (Waltz, 1979; Kratochwil, 1993; Measheimer, 1994). For as long as the key agents of international politics are the sovereign states, anarchy will be the ordering principle.

The overwhelming pressure to be competitive and the need to survive in the international system will force small and weak states to emulate the policies, structures and systems of large and powerful countries. While the non-conforming states are bound to be socialised into the system and will eventually behave in a manner similar to the conforming states (Waltz, 1979; Alagappa, 1998). In essence, the system prohibits functionally differentiated units. As a result, differences with respect to functions will be minimised and disappear over time, causing states to exhibit common characteristics.

Liberal cooperation

Neoliberalism counters the neorealist hypothesis that cooperation is problematic and unsustainable and that norms and institutions influence only the periphery. In particular, liberal institutionalists argue that cooperation among states can be improved even in the absence of a hegemonic player that can administer compliance with agreements (Campbell and Pedersen, 2001; Leonard, 2005; Weiss and Wilkinson, 2013). Through regime formation and institutional cooperation, enhancing the levels of regularity and predictability in international politics softens the anarchic environment. Keohane (1984: 57) defines international regimes as "sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations."

On the one hand, regimes restrain state action and behaviour by formalising the expectations of all parties to specific agreements involving shared interests. On the other hand, institutions facilitate cooperation and compliance among members while appropriating sanctions to defectors. Together, regimes and institutions reinforce the trust, stability and continuity of the international system against the backdrop of anarchy (Keohane, 1984, 1986; Kratochwil, 1993; Alagappa, 1998).

However, although considerations of relative gains are justifiable as Robert Keohane (1993: 275) asserts, they are only important when "gains in one period alter power relations in another, and where there is some likelihood that subsequent advantage in power maybe used against oneself." The relative importance of material capabilities in determining state behaviour depends on the extent of institutionalisation. The higher the level of institutionalisation, the less relevant power becomes in explaining state conduct (Keohane, 1989). Therefore, institutions are as fundamental and as crucial as capabilities when determining state behaviour (Owen, 1994; Burchill, 2005; Weiss and Wilkinson, 2014).

Neoliberals emphasise the point that there are opportunities for interstate cooperation in both the economic and security realms, although cooperation in the latter is relatively less developed (Alagappa, 1998). Several factors can explain the differences between economic and security sectors, including: the propensity to view security in zero-sum terms; the opportunity for betrayal; and the difficulty in monitoring (Alagappa, 1998). Despite these impediments, security cooperation among allies and even adversaries remains a viable option. For the main advocates of international cooperation, institutions fulfil three important functions: redefining and reconstituting national interests; regulating state conduct and behaviour by influencing incentives through rules and conventions; and enabling peaceful change by reconceptualising interests, managing expectations and mitigating qualms and suspicions (Keohane, 1989; Alagappa, 1998; Campbell and Pedersen, 2001; Chen, 2003; Duffield, 2007).

Constructivist formulation

However, constructivist theorists provide a more radical approach to conceptualising security. Constructivism emphasises three core ontological propositions about social life, which according to its main proponents better explain international politics than the rationalist assumptions posed by the neorealists and neoliberals. At the root of these ontological claims is the belief that norms, ideas and values demand an interpretive methodology that explains the relationship between self-defined and self-interpreted "intersubjective meanings," along with the social practices where they are implanted and which they concurrently constitute.[55]

[55] See for example, Neufeld's (1993) 'Interpretation and the 'science' of International Relation'; Price and Reus-Smit's (1998) 'Dangerous Liaisons?: Critical International Theory and Constructivism'; Hopf's (1998) 'The Promise of Constructivism in International Relations Theory'; Reus-Smit's (2005) 'Constructivism'; Guzzini's (2013) *Power, Realism and Constructivism.*

First, normative or ideational structures are as vital as material structures in conditioning the behaviour of political and social actors. As Chris Reus-Smit (2005) argues, "Where neorealists emphasise the material structure of the balance of military power, and Marxists stress the material structure of the capitalist world economy, constructivists argue that systems of shared ideas, beliefs and values also have structural characteristics, and that they exert a powerful influence on social and political action." There are two main explanations for this: on the one hand, Alexander Wendt (1995:73) contends, "material resources only acquire meaning for human action through the structure of shared knowledge in which they are embedded"; and on the other hand, both normative and ideational structures shape the social identities of political agents (Neufeld, 1993; Wendt, 1995; Alagappa, 1998).

Second, nonmaterial structures or identities inform interests, which in turn inform actions. While rationalists are interested to explain how actors pursue interests, constructivists are interested to explore the origin and the development of these interests (Wendt, 1995, 1999; Reus-Smit, 2005; Guzzini, 2013). Consequently, constructivists focus on the social identities of individuals and states and argue that actors do not have pre-existing sets of preferences. And third, agents and structures are mutually constituted. Although ideational and normative structures condition the identities and interests of actors, nevertheless, such structures are by-products of the knowledgeable practices of those actors (Wendt, 1995, 1999; Reus-Smit, 2005).

Therefore, constructivists are optimistic about the possibility of developing a community security that is more durable than cooperative security as it prevents the occurrence of new power conflicts (Alagappa, 1998; Adler and Barnett, 1998; Acharya, 2001; Adler, 2005; Paul, 2012). Under the system of community security, a country's national identity and interest are cohabited with those of the wider community of states. Such an arrangement gives each state a stake in the security of other members of the community. The use of force as a policy tool for resolving disputes between members is proscribed and made illegal. As a result, debilitating concerns over political survival are significantly relaxed, thereby substantially diminishing the security dilemma.

The predisposition of constructivist theorists to study how norms shape behaviour, on the one hand, and their strong emphasis on the supervening power of structures, on the other, indicate that similar to the neorealists and Marxists, they too are structuralists (Reus-Smit, 2005). However, by stressing the impact of nonmaterial structures with respect to identities and interests, as well as the role of practices in

sustaining and altering those structures, constructivists may be better categorised as structurationists (Reus-Smit, 2005). As some scholars have put it, institutionalised ideas and norms "define the meaning and identity of the individual actor and the patterns of appropriate economic, political, and cultural activity engaged in by those individuals" (Thomas et al., 1987).

It is through mutual interaction that prevailing social structures – which interests and identities will be defined – are developed and epitomised (Wendt, 1992). In short, structures are socially constructed. As Robert Cox (1992: 138) succinctly puts it, "they become a part of the objective world by virtue of their existence in the intersubjectivity of relevant groups of people." While the intersubjectivity of the structures implies that they do not have a concrete presence, nonetheless, they have tangible effects since "humans act as if they were real" (Cox, 1986: 242). The involvement of the human mind in the construction of the social world gives it a distinctive ontological status without negating its material reality (Cox, 1981; Wendt, 1992; Reus-Smit, 2005).

2.1.D CONCLUSIONS

In the twenty-first century, the referents of security are multidimensional and multidirectional. The primary security referent varies depending on the prevailing social, political, economic and cultural contexts, as well the level of analysis. The state continues to play a significant role in shaping and implementing a country's national security rhetoric, policies and strategies. However, as the whole chapter has argued, the state simultaneously cohabits and competes with other referents particularly those relating to non-traditional, people-centric dimensions of security. When the legitimacy and identity of the state is at question, humanist security referents may take priority over statist security referents. Consequently, the considerations for sovereignty, territorial integrity and other military-oriented concerns are moderated while regional and trans regional interactions are modified. However, arguing that the state will be superseded by non-state referents in the near future might be a bit of a stretch.

For all security referents – both statist and humanist – survival is the ultimate goal. Nevertheless, the pursuit of survival does not always have to be ruthless and problematic. It will be contingent upon several factors such as the relative distribution of material capabilities, shared intersubjective understandings and dominant social practices (Alagappa, 1998; Hopf, 1998; Holton, 2011; Guzzini, 2013; Löhr and Wenzlhuemer, 2013). As far as state actors are concerned, political survival, traditionally defined in

militaristic terms, is a minimum requirement. However, political survival is defined in a variety of ways and may include broader objectives that are crucial to the wider realm where inter-state interactions take place. To this extent, the political survival of the state may be challenged both internally and externally by issues that are not only military in nature, but also include sociocultural and politico-economic threats (Tanzi, 1998; Ripsman and Paul, 2005; Tow et al., 2013).

These non-military issues can be as dangerous as the traditional ones and in some cases could even be worse. Hence, the conceptualisation of security must incorporate state actors and issues, on the one hand, and amalgamate the supra and sub-national security problématique, on the other. In doing so, the scope of security has to be thoughtfully broadened to encompass a non-traditional, people-centric dimension comprised of economic, environmental, health, and social elements to name a few. However, this broadening and deepening of the security agenda, needs to be prudently executed to prevent the complete erosion of its theoretical utility and empirical value (Alagappa, 1998; Paris, 2001; Shinoda, 2004; Prezelj, 2008).

Therefore, the pursuit of security simultaneously requires competition, cooperation and community building (Majeski and Fricks, 1995; Alagappa, 1998; Kydd, 2005; Kaufman, 2007; Lebow, 2007). Cooperative approaches to security are instrumental in alleviating the stifling conditions induced by a global security dilemma, enabling the establishment of diverse and multi-pronged security communities. Cooperative security is particularly relevant in the contexts of non-traditional, non-military problems that can potentially undermine security such as the issues concerning economic interdependence and environmental degradation at national, regional and global levels. However, the idea of cooperative security does not render self-help strategy obsolete as the latter remains a crucial element of state survival (Møller, 1992; Frankel, 1996; Mearsheimer, 2001; Snyder, 2002). Mixing one strategy with another is often necessary for enhancing, improving, and securing specific referents of national security. The wide range of plausible security contexts vis-à-vis referents and threats in the twenty-first century implies that a cohabitative strategy is nothing but imperative.

2.2 RE-IMAGINING FREE TRADE: REVIEW OF FREE TRADE LITERATURE

In Section 2.2.A and Section 2.2.B, I examine the debates surrounding free trade in two levels. First, between realism and liberalism to understand how it is viewed and interpreted by state actors with respect to their relative positions in the international system. Second, between the economists and political scientists to understand the domestic political and economic underpinnings of free trade. In Section 2.2.C, I discuss the political economy of multilateral and preferential (bilateral and minilateral) free trade to illustrate their role with respect to security interests. Finally, in Section 2.2.D, I summarize the main arguments presented in the review of free trade literature and draw some conclusions based on my findings. The results from these discussions are pivotal to the study's main research questions (specifically the first and second strands) that tackle the complex web of security and trade relationships permeating the East Asian region in the twenty-first century.

2.2.A THE GLOBAL POLITICAL ECONOMY OF FREE TRADE

(Neo) liberal thesis on free trade

The liberal thesis underlines the appeasing consequence of well-orchestrated trade interdependency. As Norman Angell (1933) succinctly puts it, the economic utility of war is nothing but an illusion. Rather than creating new wealth for states, war destroys the economic lifeblood of any society that chooses to endorse it as an economic statecraft. Liberals, in general, argue that all states accrue substantial benefits from free trade (Bhagwati, 2003, 2008; Burchill, 2005; Riezman, 2013; Healey, 2014; Heywood, 2014). The pursuit of free trade is considered the more peaceful and humane strategy for accumulating national wealth for a number of reasons. It breaks down distortive artificial barriers that injure perceptions and complicate relations among culturally distinct individuals and communities. Moreover, free trade is viewed as a necessary peace-enforcing mechanism in the international system as the economic interdependence it engenders harmonises competing national interests. As such, it compels states pursuing divergent objectives to preserve a substantial level of collective security to ensure stability

and predictability in the system. [56] In the words of Immanuel Kant (in Burchill, 2005: 63):

> Trade … would increase the wealth and power of the peace loving, productive sections of the population at the expense of the war-orientated aristocracy, and … would bring men of different nations into constant contact with one another; contact which would make clear to all of them their fundamental community of interests.

For instance, David Ricardo (1911) argued that free trade unites the universal society of nations across the civilised world through a common thread of interest and interaction. Robert Powell (1994) commented that in one state after another, farsighted state leaders recognise that they now have greater chances of revitalising their economies through opening borders once thought to be impenetrable and sacred. Meanwhile, Kenichi Ohmae (1990) as a so-called "hyper-globalist," declared the end of the nation-state and the emergence of a borderless world.

On the other hand, liberal internationalists seek to demonstrate the possibility of gaining cooperation among sovereign states even in the absence of a hegemonic player to enforce compliance with the rules of agreement (Gardner, 1990; Hoffman, 1992; Doyle, 2004; Linklater, 2005; Jahn, 2013). Robert Keohane and Joseph Nye's (1977) complex interdependence theory shows how independent states can substantially broaden their narrowly defined self-interests to enhance cooperation through membership in international institutions. The strict compliance with organisational rules has the intended effect of diminishing the influence and significance of state sovereignty, thereby discouraging the quest for myopic national interests. Orthodox liberals give standing ovation to developing countries that have been unilaterally opening their domestic economies, while offering them the assurance that the most significant gains are captured by those who liberalise in accordance with the prescribed policies and timetables formulated by the most powerful players in the international system.

From a neoliberal standpoint, the intensification of economic interdependence via free trade has considerably diminished the material value of territorial conquest (Burchill, 2005; Fridell, 2006; Slocum, 2006; Lang, 2011). Given the current configuration of the international system where the trading state rather than the military state is the primary referent object, the additional colonial territory does not automatically enhance

[56] See for example, Mitrany's (1948) 'The Functional Approach to World Organisation'; Howard's (1978) *War and the Liberal Conscience*; Keohane's (1984) *After Hegemony*; Nye's (1988) 'Neorealism and Neoliberalism'; Walter's (1996) 'Adam Smith and the Liberal Tradition in International Relations.'

the competitive advantage of the imperial state. Thus, national wealth has increasingly become a function of the total share in the world market. Such postulation underlines two important inferences that do not fit quite well with the realist notions of free trade: first, that the era of self-sufficient state is over; and second, that territorial conquest has become an expensive, risky business (in short, a bad investment) (Rosecrance, 1986; Strange, 1996; Dean, 2012).

Thus, the liberal project endorses trade interdependency as an effective medium through which aggressive state actions can be successfully contained by juxtaposing its economic benefits with the opportunity costs of war. Such prospects for economic incentives motivate countries to pursue deeper and wider forms of trade with one another, thus setting aside concerns over relative gains while highlighting the values of harmony of interests. To this extent, trade serves as an effective deterrent against interstate wars and conflicts, thereby enhancing state security.

(Neo) realist thesis on free trade

In stark contrast to the liberal formulations of free trade, the realist thesis stresses the dangers posed by excessive economic dependency, particularly with respect to smaller, weaker states (Chan, 2001; Donnelly, 2005; Garcia, 2013; Elman and Jensen, 2104). Although they do not reject the wealth-creating effect of trade, the inherent anarchic structure of the international system compels state actors to limit state interdependencies to mitigate vulnerabilities. Accordingly, states still reserve the right to wage war whenever trade relationships engender intolerable levels of insecurity, whether real or perceived. From a realist standpoint, this "Hobbesian fear" justifies the use of war to reduce the sense of vulnerability emanating from disproportionate trade interdependence since politico-strategic concerns always supersede economic considerations.[57]

Neorealists and contemporary Marxists, for example, view trade as a pernicious activity by arguing that extreme interdependence vis-à-vis economic specialisation inevitably lead to vulnerability to external pressures and ultimately results in heightened state insecurity (Waltz, 1979; Tarzi, 2004; Linklater, 2005; Donnelly, 2005; Dunn, 2009). In this context, trade is seen as an exploitative instrument that constrains the capacity of

[57] See for example, Carr's (1939) *The Twenty Years' Crisis;* Morgenthau's (1948) *Politics Among Nations*; Waltz's (1979) *Theory of International Politics*; Gilpin's (1986) 'The Richness of the Tradition of Political Realism'; Kahler's (1997) 'Inventing International Relations'; Grieco's (1997) 'Realist International Theory and the Study of World Politics'; Jervis' (1998) 'Realism in the Study of World Politics.'

independent societies to govern their internal affairs, thereby resulting in unnecessary political tensions.

The most fundamental disagreement between neoliberals and neorealists lies in their differing conceptions of what should constitute national interest. While the former argues that countries are primarily concerned with the maximisation of absolute gains, the latter contends that countries are mainly worried about relative gains. Nevertheless, as Kenneth Waltz (1979: 106) argued, the existence of power imbalance compels states to "be more concerned with relative gains than with absolute gains." Thus, while neorealists expect countries to abandon ongoing cooperative dialogues where they gain less than their counterparts, liberal internationalists are confident that countries will continue to cooperate as long as their absolute gains are improved. They are not solely concerned with the size of pie that goes to rival states (Burchill, 2005; Donnelly, 2005; Reus-Smit, 2005; Garcia, 2013; Elman and Jensen, 2014). Such preoccupation with relative gains severely hampers prospects for cooperation since countries need to worry about two main things: whether they can gain something from cooperative measures or not; and whether these gains significantly outweigh those that accrue to other members. From Scott Burchill's (2005: 38) perspective, "states may be satisfied with conflicts that leave them absolutely worse off – so long as their adversaries are left even worse off."

Neorealists point out to two fundamental problems encountered when using the term free trade – its benign symbolism, and the evident disconnect between rhetoric and praxis on the part of its most ardent advocates (Burchill, 2005; Duménil and Lévy, 2011; Overbeek and van Apeldoorn, 2012; Durand, 2014). Its critics usually dismiss free trade as a justifying mechanism arbitrarily applied by powerful states to secure their respective politico-strategic goals by exploiting the weaker countries. It significantly diminishes the effective control of small countries over national policy making processes as they are left exposed to the vicissitudes of the world market, thus making them susceptible to manipulations by big players. Therefore, once the playing field is skewed to their advantage, the most rational objective for the developed world is the abolishment of all forms of state interventions in the developing world (Gilpin, 2002; Burchill, 2005; Durand, 2014).

Furthermore, the critique of free trade imperialism highlights the prevalent double standards practiced by its progenitors and the degree with which the global economic configuration promoted by neoliberals ironically demands government interference for its realisation (Gallagher and Robinson, 1953; Semmel, 2004;

Cunningham, 2014). Economic doctrines endorsed by rich and powerful states as "universal principles" are specifically designed for the more effective and efficient exploitation of poor and vulnerable states. No advanced economy willingly embraces these conditions unless they happen to provide interim benefits.

Thus, the neorealist responses to neoliberal claims that economic interdependence via free trade is pacifying international relations can be summarised into two points (Grieco, 1997; Donnelly, 2005; Burchill, 2005; Elman and Jensen, 2104). First, the insecurity engendered by an anarchic environment always takes precedence over the pursuit of economic security since survival remains the ultimate goal of any sovereign state. Second, the notion of existing economic interdependence provides illusory perceptions of parity and shared vulnerability to external economic forces in the international economy given the lopsided distribution of power throughout global trade and financial institutions.

As Jonathan Kirshner (2003: 274) concisely puts it, "what distinguishes realists [from the liberals] is that they can be placed on that end of a continuum which stresses the likelihood of war, threats of war, and the need for states to shape their policies in the light of this consideration." E. H. Carr's (1964) image of potential war is a crucial factor when explaining why countries choose to ignore activities that threaten to undermine state security despite their huge economic incentives. The trade-off between wealth and power is always decided in favour of the latter since the pursuit of strategic political goals constantly demands economic sacrifices.[58]

Thus, from a realist perspective the main objectives of powerful countries when pursuing free trade are not necessarily driven by economic considerations, but by politico-strategic motives. By influencing the developing and least developed countries to reassess and reconfigure their national interests in ways that complement those in the developed world, the rich and powerful countries can advance their politico-strategic goals by maintaining these asymmetric trade relations. In negotiating and implementing trade agreements with underdeveloped economies, the developed countries are essentially trading off portions of their economic advantages in exchange for wider politico-strategic agendas. The subordination of economic gains to politico-strategic gains reflects linkages between security interests, on the one hand, and trade objectives,

[58] For instance, in Hirschman's (1945) analysis of Germany's non-economic maximising trade relationships with smaller states in southeast Europe during the interwar period indicated that the former's motivation for pursuing asymmetric trade policies was to enhance its political leverage. See also, Kirshner (2003); Donnelly (2005); Overbeek and van Apeldoorn (2012); Durand (2014).

on the other. Therefore, trade is not only defined in neoliberal terms, but also in realist terms.

2.2.B THE DOMESTIC POLITICAL ECONOMY OF FREE TRADE

On the one hand, economic experts have directed much of their effort to studying trade behavioural patterns and explaining the impacts of trade barriers in the overall conduct of international trade. While there is no consensus among economists regarding the definitive effect of trade liberalisation on domestic economies, the general agreement is that free trade can serve as an engine for growth. Thus, it is considered the most attractive economic policy tool for both developed and developing countries (Thirwall, 2000; Rodrik, 2001; 2002; Bhagwati, 2003, 2008; Shafaeddin, 2005; Wacziarg and Welch, 2008; Kiyota, 2012; Falvey et al., 2012).

On the other hand, political scientists have devoted much of their attention to studying the changing nature of protectionist measures over time. They then develop systemic theories that challenge the notion of "rush to free trade" such as dependency theory and hegemonic stability theory (Kitson and Michie, 1995; Grossman and Helpman, 1995; Milner, 1999; Bello, 2003; Schott, 2004; Goldstein and Mansfield, 2012; Naoi and Urata, 2013). Thus, while economists highlight the positive relationship between tariff reduction and economic development, political scientists, emphasise the political significance of protectionism.

Despite the failure of *laissez-faire* economics in the 1980s to bring about economic growth comparable to previous decades, it remains a core component of domestic economic development agendas. Contemporary trade theories underscore the primacy of trade liberalisation coupled with a non-interventionist principle. The number of developing and least developed countries implementing drastic institutional reform programs to participate in various free trade activities reflects a paradigm shift in domestic economic policymaking. Dani Rodrik (1998: 62) called this "rush to free trade" a political anomaly:

> Since the early 1980s, developing countries have flocked to free trade as if it were the Holy Grail of economic development. Together with the historic transformation and opening of the Eastern European economies, these developments represent a genuine revolution in policymaking. The puzzle is why is it occurring now and why in so many countries all at once?

There are at least three interconnected "shifts" that can help explain this rush to free trade puzzle: (i): shifts in domestic trade policy preferences by state and non-state actors; (ii), shifts in domestic political institutions; and (iii) shifts in the international political system (Milner, 1999, Kingstone, 2001; Milner and Kubota, 2004; Dent, 2006; Mansfield and Milner, 2012).

Shifts in domestic trade policy preferences

The earliest models explaining trade policy preferences have traditionally focused on the significant role of pressure group politics with respect to the governments' decisions to either promote free trade or implement protectionist policies (Milner, 1999; Weintraub et al., 2004; Hanson 2010). The subsequent observation that the degrees of impact and requirements for protectionist policies differ across sectors and states prompted the formulation of factoral and sectoral preference theories (Beaulieu, 2002; Mayda and Rodrik, 2005). In both scenarios, preferences are mutually construed as the outcomes of income distribution among independent players. This occurs when policy shifts from intensified liberalisation to increased protectionism, and vice versa. Determining both the causes and effects of this variance has been the central theme of much of the economic literature on trade.

The factoral theories of trade preferences are based on the Stolper-Samuelson theorem designed by Wolfgang Stolper and Paul Samuelson (1941). The theorem states that an increase in the relative price of a particular commodity increases the returns to the factor most intensively used to produce that commodity, and diminishes the real earnings of other factors of production. The theorem rests on several critical assumptions including the presence perfect competition, complete inter-industry mobility of the factors of production, as well as constant returns to scale. When these conditions are absent, shifts in relative prices could affect people differently, even when they possess the same factor of production. Nevertheless, despite such limitations, the Stolper-Samuelson model remains a standard when analysing the political economy of protectionism.[59]

Meanwhile, the sectoral or firm-based theories of trade preferences are based on the Ricardo-Viner model, also known as the specific-factors model. While the Stolper-

[59] See for example, Magee's (1980) 'Three Simple Tests of the Stolper-Samuelson Theorem'; Deardorff et al. (1994) 'Overview of Stolper-Samuelson Theorem'; Beaulieu's (2002) 'Factor or Industry Cleavages in Trade Policy'; McCulloch's (2006) 'Protection and Real Wages'; Blecker's (2008) 'Stolper-Samuelson After Kalecki.'

Samuelson theorem posits that factors of production are entirely mobile across industries, the Ricardo-Viner theorem assumes that at least one factor is immobile. Consequently, the theorem indicates that an increase in the relative price of a commodity increases the returns to all immobile factors used to produce that commodity, while simultaneously diminishing the returns to all immobile factors used to produce other commodities.[60] Thus, in both instances, preferences are deduced as the outcomes of the variations in income that accrue to different actors as policy shifts from protection to free trade and vice versa.

Several models reflecting individual choices were established to determine how they influence the rush to freer trade including voters' attitudes and the policy makers' ideational preferences. For example, the assessment of individual voters' attitudes toward protectionism or free trade is particularly important in democratic governments where elections are customarily linked to trade policy choices (Caplan, 2007; Mansfield and Milner, 2012). With respect to voters' attitudes, some trade experts have posited that individual voters consider their preferences in terms of their role as consumers.[61] Thus, as the removal of protectionist barriers leads to lower prices for consumers and a corresponding increase in consumer surplus, they are more likely to vote in favour of free trade.

However, some models of individual preference reject this proposition by introducing an electoral component to trade policy determination. These experts have argued that trade policies are largely determined by the median voter's preferences based on his given factor endowments.[62] Thus, the better endowed the median voter is in the factor used intensively for the manufacturing of import-competing products, the more protectionist he will be. Still, other models incorporate asset ownership as a factor that affects trade policy choices. These experts have shown how voters' preferences are influenced by the ways that free trade affects the net value of their assets.[63] For instance,

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[60] See for example, Lovely and Nelson's (1995) 'Smuggling and Welfare in a Ricardo-Viner Economy'; Ishikawa's (2000) 'The Ricardo-Viner Model with an Intermediate Good'; Blonigen's (2008) 'New Evidence on the Formation of Trade Policy Preferences'; Davidson and Matusz's (2010) *International Trade with Equilibrium Employment*.

[61] See for example, Grossman and Helpman's (1994) 'Protection for Sale'; George's (2006) *Protection or Free Trade?*; and Guisinger's (2009) 'Determining Trade Policy.'

[62] See for example, Mayer's (1984) 'Endogenous Tariff Formation'; Trefler's (1993) 'Trade liberalization and the Theory of Endogenous Protection; and Caplan's (2007) *The Myth of the Rational Voter*.

[63] See for example, Scheve and Slaughter's (1998) 'What Determines Individual Trade Policy Preferences?'; Baker's (2003) 'Why is Trade Reform so Popular in Latin America?'; Irwin's (2009) *Free Trade Under Fire*.

individual voters in regions that host import-competing industries tend to oppose free trade given the adverse effect of increasing imports on economic activities in these regions that inevitably diminish asset values. Furthermore, the negative impact of import competition with respect to local employment may also drive individual voters to respond negatively toward free trade, mainly out commiseration for workers who stand to lose their jobs (Milner, 1999; Milner and Kubota, 2005; Irwin, 2009; Mansfield and Milner, 2012).

Meanwhile, with respect to ideational preferences, some trade specialists have argued that trade policy decisions are significant functions of policymakers' ideational preferences and less of the preferences of various interest groups.[64] In other words, material considerations are only secondary to ideational factors in the formulation and implementation of trade policies. Hence, the impact of economic recessions on government decisions to either intensify trade protectionism or promote liberalisation is conditioned by existing factors such as dominant ideas on trade, degree of openness, and systemic pressures brought about by increasing interdependence (Krueger, 1997; Milner and Kubota, 2005; Dent 2006, 2010; Daugbjerg and Swinbank, 2009).

Shifts in domestic political institutions

Beyond individual differences giving rise to varying preferences are political institutions that consolidate personal choices to create distinctive trade policy choices. Within the domestic context, some scholars have commented that different institutions give power to different players. Although some institutions enable particular interest groups to display strong lobbying efforts that influence policymakers, other institutions provide sufficient insulation that allows legislators to function more independently.[65] However, providing greater insulation does not automatically translate to increased support for freer trade. Hence, the respective preferences of each member of the policy-making elites cannot be ignored when assessing the role of political institutions in their decision-making processes (Milner, 1999; Milner and Kubota, 2005; Mansfield and Milner, 2012).

[64] See for example, Baldwin's (1986) *The Political Economy of US Import Policy;* Goldstein's (1988) 'Ideas, institutions and American Trade Policy'; Trentmann's (1998) 'Political Culture and Political Economy'; Dent's (2006) 'Ideas and Ordeals of Creating a Free Trade Area of the Asia-Pacific'; Dent's (2010) 'Free Trade Agreements in the Asia-Pacific a Decade On.'

[65] See for example, Haggard and Webb's (1994)*Voting for Reform: Democracy, Political Liberalization, and Economic Adjustment*; Stiglitz's (2002) *Globalization and Its Discontents*; Mansfield and Reinhardt's (2008) 'International Institutions and the Volatility of International Trade'; Dollar and Kraay (2003) 'Institutions, Trade and Growth'; Boettke and Fink's (2011) 'Institutions First'; Zelekha and Sharabi's (2012) 'Corruption, Institutions and Trade; Francois and Manchin (2013) 'Institutions, Infrastructures and Trade.'

Accordingly, the administrative competence of a particular government affects the development and implementation of trade policies. Economic development is viewed as directly correlated to institutional capacity, which in turn, reduces government dependence on import taxes as a means of revenue generation.[66] As such, advanced economies tend to impose fewer trade restrictions than developing economies.

Similarly, significant institutional variations among existing political regimes also play a crucial role creating trade policy profiles. For instance, some scholars have contended that democratic governments are more likely to establish protectionist measures against one another and abandon the project of free trade due to probable political conflicts that may arise between them.[67] Therefore, the quest for free trade will only be meaningful when intra-industry trade controls the bulk of trade flows. Meanwhile, other experts have suggested that autocratic regimes are more likely to sustain long-term protectionist measures compared with democratic states since the former view protectionism as a necessary source of rent-seeking activities, whereas democracies enter into FTAs whenever there is mutual reciprocity among signatories.[68]

Thus, the debates over the effects of democracies alongside party systems and internal government structures fundamentally rest on assumptions about the actors' own sets of preferences (Milner, 1999, 2004; Boettke and Fink, 2011; Mansfield and Milner, 2012; Francois and Manchin, 2013; Liu and Ornelas, 2014). Interpretations of such interplay highlight the mutually reinforcing and constitutive relationship between preferences and institutions. On the one hand is the argument that institutions are shaped by the preferences of actors that have come into power; on the other hand, is the assertion that institutions influence the manner in which actors define their preferences. Although the debate over which comes first – preferences or institutions – remains problematic, there is an acknowledgment of the importance of incorporating both variables when explaining the "rush to free trade" thesis. From a historical perspective,

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[66] See for example, Dunkley's (2004) *Free Trade: Myth, Reality and Alternatives*; Chacholiades' (2009) *The Pure Theory of International Trade;* Baunsgaard and Keen's (2010) 'Tax Revenue and (or) Trade Liberalization?'

[67] See for example, Verdier's (1998) 'Democratic Convergence and Free Trade?'; Grossman's (2002) 'The Effects of Free Trade on Development, Democracy and Environmental Protection'; Mansfield et al's (2008) 'Democracy, Veto Players, and the Depth of Regional Integration'; López-Córdova et al's (2008) 'The Impact of International Trade on Democracy'; Liu and Ornelas's (2014) 'Free Trade Agreements and the Consolidation of Democracy.'

[68] See for example, Wintrobe's (1998) *The Political Economy of Dictatorship*; Mitra et al's (2002) 'Protection for Sale' in a Developing Country'; Acemoglu and Robinson's (2006) *Economic Origins of Dictatorship and Democracy;* Aidt and Gassebner's (2010) 'Do Autocratic States Trade Less?'; Dixit's (2010) 'Democracy, Autocracy, and Bureaucracy.'

significant changes in trade policies have been induced by radical transformations in domestic political regimes. Although not all regime changes have embraced the free trade philosophy as a means for economic development, drastic changes in customary trade policy are accompanied by such transformations (Grossman, 2002; Mansfield and Pevehouse, 2006; Mansfield and Reinhardt, 2008; López-Córdova et al., 2008; Cheibub et al., 2012).

Shifts in the international political system

Beyond national frontiers lie a number of factors that can also influence the configuration of domestic trade policies. Some scholars have hypothesised that the distribution of capabilities in the international system has underlying impacts toward the general conduct of free trade. For instance, the application of the hegemonic stability theory (HST) suggests that when the international system vis-à-vis global economy is dominated by a single, most powerful country – that is, a hegemon – free trade is likely to advance.[69] However, others have criticised the theoretical and empirical soundness of the HST. Some of them have argued that large, powerful states must always favour optimum tariff and non-tariff barriers to trade, while others have postulated that small numbers of powerful states could also establish and maintain an open trade system aside from a single hegemon (Keohane, 1983; Milner, 1999; Kurtz, 2002). Still others have suggested that a hegemonic power is neither essential nor adequate for managing a liberalised trading environment (Krasner, 1976; Keohane, 1984; Mansfield, 1994; Lobell, 2005; Norrlof, 2010; Lieber, 2012).

Understandably, scholars and experts have tried to analyse the actions of the United States as the world's prevailing hegemon. While some of them have underscored the enduring primacy of American hegemony in the twenty-first century, others have warned about the imminent effects of the weakening of US influence over the current arrangement of the international system. On the one hand, "optimists" argue in favour of the steady proliferation of Western ideals and values encapsulated in the free market economy permeating various regions across the globe including the former communist governments.[70] The continued presence of dominant American powers in the

[69] See for example, Krasner 's (1976) 'State Power and the Structure of International Trade; Gilpin's (1987) *Political Economy of International Relations;* Yarbrough and Yarbrough's (1992) Cooperation and Governance in International Trade; Gowa's (1994) *Allies, Adversaries, and International Trade*.
[70] See for example, Kiely's (2006) *The New Political Economy of Development;* Norrlof's (2010) *America's Global Advantage;* Edelman's (2010) 'A Special Relationship in Jeopardy'; Drezner's (2012) 'Predictions about the death of American Hegemony.'

international system provide the impetus for the progressive removal of various protectionist measures, specifically within developing and least developed regions where bilateral pressures to open up have been staunchly supported by the US government (Milner, 1999; Norrlof, 2010; Desai, 2013). On the other hand, "sceptics" predict the impending decline of American hegemonic power that might result in the breakdown of the global economy into competing regional blocs and ultimately resurrect protectionist policies and principles.[71]

Meanwhile, proponents of liberal institutionalism focus on the influential role played by different international institutions. While most debates primarily challenge the importance of establishing international institutions and whether or not conferring a considerable degree of legitimacy and authority to them can be justified, the discernible willingness of countries to comply with codified rules of conduct underscores their intrinsic value.[72] As a whole, international institutions fulfil three main functions: as a compliance monitoring system; as a dispute settlement mechanism; and as a norm-building framework (Ruggie, 1982; Keohane, 1984; Milner, 1999; Rosendorf and Milner, 2001; Goldstein et al., 2007; Mansfield and Reinhardt, 2008).

Another important dimension of indiscriminate free trade that affects the general course of free trade relates to distinct variations with respect to the trade performance of individual countries that usually results in widening growth and development inequalities. On the one hand, are powerful trading players enhancing their market competitiveness by exploiting the accruing economies of scale; and on the other hand, are weak trading players failing to sustain the balance of payments equilibrium amid increased economic activity, and resorting to deflationary measures to secure external balance. [73] A weak trade performance coupled with domestic deflationary measures results in further diminution of economic growth as countries fail to take advantage of increasing returns that coincide with heightened levels of economic activity (Levy, 1997; Gomes, 2003; DeDarosa and Gilbert, 2006; Unger, 2010). The existence of virtuous cycles of growth and vicious cycles of decline implies that free trade benefits are not evenly distributed among

[71] See for example, Gilpin's (1987) *The Political Economy of International Relations;* Kennedy's (2009) 'American Power Is on the Wane'; Rachman's (2011) 'Think Again: American Decline'; Zakaria's (2011) *The Post-American World*

[72] See for example, Keohane and Martin's (1995) 'The Promise of Institutionalist Theory'; Lecours' (2005) *New Institutionalism;* Burchill's (2005) 'Liberalism'; Goswami's (2013) 'Power Shifts in East Asia.'

[73] See for example, Mitra and Trindade's (2003) Inequality and Trade; Goldberg and Pavcnik's (2004) 'Trade, Inequality, and Poverty'; Vos' (2006) *Who Gains from Trade?*; Krugman's (2007) 'Trade and Inequality Revisited'; Hassoun's (2011) 'Free Trade, Poverty, and Inequality'; Santos-Paulino's (2012) 'Trade, Income Distribution, and Poverty in Developing Countries.'

participants. Therefore, critics of free trade have argued that the global trading system must take into consideration the ex-ante conditions of its members.[74] Thus, establishing a system equipped with vital instruments to support the balanced development of the international economy is crucial to ensuring that small nations are provided with the necessary policy space.

Historical structuralists study the inexorable problem of power hierarchy between core and periphery states where powerful and affluent core economies dominate and exploit the weak and poverty-stricken periphery economies (Charusheela, 2004; Devetak, 2005; Cimoli and Porcile, 2010). They argue that both developing and least developed countries have become the most vigorous participants in the international trading system even if it is against their own will. These periphery states are being constrained from undertaking the same development path that enabled the rich and powerful countries to grow economically and develop over time. Instead, they are compelled to adopt one-size-fits-all policies even when they are counterintuitive to their development agenda and strategy.[75]

It is from this perspective that the inequality embedded in international trade rounds becomes evident. While the developed countries of the North continue to reap tangible benefits in trade in services and intellectual property rights, the developing and least developed countries of the South are forced to resign themselves to the promises of probable future gains in sensitive sectors such as agriculture and textiles (Dunning, 2000; Wolfe, 2004; Weis, 2005; Steger 2007; Jackson, 2008). As Make Poverty History (MPH), an international non-government organisation concerned with the global management of trade, states in its manifesto:

> The rules of international trade are stacked in favour of the most powerful countries and their businesses. On the one hand, these rules allow rich countries to pay their farmers and companies, subsidies to export food - destroying the livelihoods of poor farmers. On the

[74] See for example, Rodrik's (2001) 'Trading in Illusions'; McCulloch et al's (2002) *Trade Liberalization and Poverty: A Handbook;* Ackerman and Gallagher's (2009) 'The Shrinking Gains from Global Trade Liberalization in Computable General Equilibrium Models'; Thirwall and Pacheco-Lopez's (2009) *Trade Liberalisation and The Poverty of Nations;* Rodrik's (2010) 'Diagnostics before Prescription'; and Rodrik's (2012) *The Globalization Paradox*.

[75] See for example, Naim's (2000) 'Washington Consensus or Washington Confusion?'; Wade's (2003) 'The World Trade Organization and the Shrinking of 'Development Space'; Smith's (2004) 'Inequality in International Trade?'; Taylor's (2005) 'Globalisation Studies and the Developing World'; Rueveny and Thompson's (2008) 'Uneven Economic Growth and the World Economy's North–South Stratification; Gallagher's (2008) 'Understanding Developing Country Resistance to the Doha Round''; Alessandrini's (2010) *Developing Countries and the Multilateral Trade Regime.*

> other, poverty eradication, human rights and environmental protection come a poor second to the goal of eliminating trade barriers. We need trade justice not free trade.[76]

The most salient criticism of free trade rhetoric perhaps is the commonly held view among smaller, weaker states that process is structurally biased in favour of the powerful, developed countries. After securing their respective advantage positions through the employment of policies that severely constrained global trade in the past, the same group of countries are demanding the rest of the world to completely eliminate all forms of barriers to trade (Rodrik, 1998, 2002, 2011; Thirwall and Pacheco-Lopez, 2008; Irwin, 2009;). This implies that the distinctive interests pursued by individual countries in free trade are also a function of their relative positions in the existing international order.

These observations underline the utility of protectionism, particularly during the early stages of economic development. For instance, some scholars have argued that protectionist policies cushion the impact of external shocks on human and physical capital by giving infant industries the necessary space to adapt to the new market conditions engendered by free trade. In doing so, it might be imperative to throw some sand in the wheels of aggressive market liberalisation in order to balance the seemingly contradicting objectives of achieving global economic stability, on the one hand, and maintaining domestic policy autonomy, on the other (Bhagwati, 1990; Krueger, 1996; Roberts, 2006; Watson and James, 2013). Accordingly, national governments are advised to exercise caution in the process of indiscriminate trade liberalisation as prevailing economic conditions vary between states and across time. Policy mechanisms need to be conceptualised based on the existing economic contexts by providing greater room for flexibility than usual within orthodox free trade theories.

2.2.C MULTILATERALISM VERSUS PREFERENTIALISM

The multilateral free trade

As far as the pro-free trade scholars are concerned, preferential FTAs – both bilateral and minilateral – are designed to transform participating countries into multilateral free traders.[77] As the WTO's former secretary-general Pascal Lamy (2006) has noted:

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[76] See, Make Poverty History website, available online at, http://www.makepovertyhistory.org/whatwewant/.

> Those taking part in bilateral agreements should be prepared to lead the way and show support for multilateralism by narrowing the gap between regional trade agreement commitments and GATS [General Agreements on Trade in Services] offers. In any event, the benefits that developing countries can get in return for their service commitments, is much greater in the WTO than in bilateral agreements.

While the current impasse of the Doha negotiation rounds provides a rational justification for WTO members to engage more in preferential FTAs, these should not be viewed as an easy escape. Walking away from the WTO where preferential FTAs find positive meanings does not offer any long-term solution to the problem considering the political, economic and systemic values of multilateral trade (Tandon and Allardice, 2005; Dupont and Elsig, 2012). Thus, "if the multilateral system dies away, so does the positive potential of regional trade agreements" (Lamy, 2006).

Several scholars focusing on the impacts of preferential FTAs on multilateralism have argued that they weaken the much needed political support for maintain a healthy and effective multilateral trading system (Ito and Krueger, 1997; Bhagwati, 2008; Karacaovalia and Limão, 2008; Baldwin and Freund, 2011; Krishna, 2014). The revival of regionalism is viewed as a rather unfortunate event but is expected to steadily gain momentum given its strong political appeal. The greater the political popularity a particular preferential FTA has, the greater its propensity to weaken the political will necessary for broadening the multilateral trade. Provisional agreements offering very large gains at very low costs, such as bilateral and plurilateral FTAs, significantly undermine the political support base for multilateralism.

Some economists and trade experts have developed models for assessing the contribution of regional trading blocs to the undermining of the multilateral trade system. Their studies revealed that if global trade is divided into several symmetrical trading blocs, where each bloc has the wherewithal to set its terms of trade to take advantage of its market power, overall welfare is reduced even as they enhance the welfare of individual members.[78] According to these studies, the net effect of

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[77] See for example, WTO's (2000) *From GATT to the WTO: The Multilateral Trading System in the New Millennium;* Hoekman and Kostecki's (2001) *The Political Economy of the World Trading System: WTO and Beyond;* OECD's (2003) *Regionalism and the Multilateral Trading System;* Evenett and Hoekman's (2005) *Economic Development and Multilateral Trade Cooperation;*Buckely et al's (2008) *Challenges to Multilateral Trade: The Impact of Bilateral, Preferential and Regional Agreements.*

[78] See for example, de Melo and Panagariya's (1995) *New Dimensions in Regional Integration;* Frankel et al's (1997) *Regional Trading Blocs in the World Economic System;* Carrere's (2003) 'Revisiting the Effects of Regional Trading Agreements on Trade Flows'; Egger's (2004) 'Estimating Regional Trading Bloc Effects with Panel Data'; Lombaerde et al. (2011) *The Regional Integration Manual.*

regionalisation is the reduction in aggregate levels of global welfare. These observations further reinforce the widespread concerns over the increasing regionalisation of international trade agreements.

Furthermore, when bilateral FTAs provide disproportionate gains and benefits to major agents in any state, their reservation utility is pushed above the multilateral FTA levels agreements (Levy, 1997; Limão, 2006; Albertin, 2008; Baldwin and Fruend, 2011; Aggarwal and Urata, 2013). This makes multilateral agreements politically infeasible, thereby impeding further multilateral trade negotiations. Such undermining is more likely to occur in bilateral FTAs between two countries with comparable factor endowments and relatively indifferent median voters. A country anticipating future bilateral trade deals with its preferred trading partner(s) may choose to withdraw from its future multilateral commitments and sign these bilateral agreements before the conclusion of the multilateral agreements. In the process, countries tend to lose incentives from pursuing multilateralism to the next level.

Under a two-good Hecksher-Ohlin model, for example, when multilateral agreements produce relative prices that are similar to those in bilateral agreements, the motivation to trade on a multilateral basis is undercut (Gomes, 2003; Findaly et al., 2006; Aggarwal and Urata, 2013). Introducing product varieties and increasing returns to scale in the model – such that median voters adversely affected by inimical price shifts are compensated through enhanced variety gains – enables the passage of agreements that otherwise would not have been politically feasible. Further, the types of bilateral FTAs that can be expected to strengthen political support for multilateral trade are those that leave the median voter's utility unchanged by combining price shifts with variety gains. That is, bilateral FTAs between two countries that have different capital-labour ratios (Levy, 1997; Itoh and Negishi, 2001; Chauffour and Maur, 2011).

Not surprisingly, the WTO has argued that excessive preferential FTAs not only create confusion and disorder in the world trade system given their complicated rules of origin and convoluted administrative rules, they also help facilitate new channels for corruption (Crawford and Laird, 2001; Low, 2011). At the same time, the World Bank (2004) has warned about the built in externalities that FTAs might pose to the general health of the multilateral trading environment. Such impediments to multilateralism can be overcome if states are encouraged to maintain strong commitments to multilateral trade liberalisation while controlling their dependence on preferential FTAs. However, these multilateral institutions bend to accommodate much of the wishes and desires of

their most powerful members to sustain their power and relevance in the international arena.

Some studies have examined the extent to which highly industrialised states make room to move under the WTO. The findings suggest that developed countries have formulated global rules that not only regulate their actions but also grant them adequate space for implementing policies that help expand their respective comparative advantages (Smith, 2004; Weiss, 2005; Brown and Pauwelyn, 2010; VanGrasstek, 2013). In other words, members do not simply find space to manoeuvre, but set in motion innovative strategies to recreate that space. Therefore, the WTO is viewed by critics as an upgrading mechanism designed for the further advancement of the interests of wealthy, developed economies. For the rest of the developing world, it acts as a development-constraining device that prevents poor countries from exploiting their comparative advantages (Peet, 2003; Hoekman and Mavroidis, 2007; Drabek and Woo, 2010; Joseph, 2013).

Professor Jack Jackson – considered by many as the father of trade law – has identified seven mantras religiously recited in the WTO to prevent their members from discussing the more pressing issues plaguing the institution. They are the following: government to government organisation; member-driven organisation; decisions taken by consensus; preservation of national sovereignty at all costs; single undertaking; MFN as sacrosanct principle; and the requirements for early deliverables (in Steger, 2007: 487-488). This constellation of mantras provides a theology or explanation for the way decisions are made in the WTO. Consequently, they undermine the discussions of more relevant issues including the WTO's proper mandates; its relationship with the outside world; the role of development organisation's trade rounds and agendas; and the effects of proliferating regional FTAs on the multilateral trading system. Thus, from the perspective of the disillusioned members – mostly countries from the developing and least developed regions – the closed and non-transparent nature of the WTO perpetuates the inequalities embedded in a multilateral trade system (Rodrik, 2001, 2002; Stiglitz, 2002; Weiler, 2009; Burri, 2010).

The existing WTO rule is "one country one vote," with members having the right to veto proposals that they do not agree with. To this extent, that WTO may be seen as "egalitarian" since its decision-making procedures disregard individual financial contributions of its members unlike in other international institutions such as the IMF and the World Bank (Woods and Narlikar, 2001; Langely, 2004; Woods and Lombardi, 2006; Thirkell-White, 2007). In practice, however, the existing asymmetrical power

relations among members determine the final form of WTO agreements. Some states are simply more capable than others when manipulating trade agendas according to the dictates of their respective national interests. In addition, factors relating to the differences in institutional capacity among members to pursue their trade objectives underscore some of the fundamental inequalities within the WTO (Smith, 2004; Weiss, 2005; Gallagher, 2008; Jackson, 2008).

Success negotiating multilateral trade agreements that encapsulate national interests largely depends on the member's overall competencies and access to technical know-how as it engages in multifaceted, across-the-board dialogues with other countries. Howevery, due to resource constraints the developing world is under-represented, and, therefore disadvantaged by the system. For instance, while moves toward the establishment of binding, third-party arbitration in international law – as in the case of Appellate Body under WTO's Dispute Settlement Understanding (DSU) – is expected to favour small, weak countries, ironically, the loudest oppositions and most radical reforms proposed have come from this very same group (Smith, 2004; Goldstein et al., 2007; Davis and Bermeo, 2009; Shaffer and Ortiz, 2010). Moreover, the quasi-judicial nature of the Appellate Body may sometimes interfere with the objectives of developing and least developed countries. When it does, it further aggravates existing inequalities. While conventional wisdom hints that legalisation benefits the developing world by exposing opportunistic behaviours and conducts of the developed world, its distributive impact largely depends on details of institutional design and evolution (Smith, 2004; Janow et al., 2008; Shaffer and Ortiz, 2014).

Thus, critics argue that it is high time for the WTO to undergo a major overhaul to rescue multilateralism from the encroaching effects of preferential FTAs (Georgiev and van der Borght, 2006; Sampson and Chambers, 2008; Bohne, 2010; Hoekman, 2012). In doing so, members are encouraged to free themselves from the irrelevant mantras that hamper the effectiveness of the multilateral trade system. Substantial institutional reforms must be adopted to transform it into a relevant and responsive international organisation amid shifting government preferences with regard to their "most-favoured" forms of trade arrangements. Until then, countries are compelled to continue to invest in preferential FTAs.

Overall, multilateralism represents a jubilant liberalism spearheaded by international institutions – a biting sting that realism cannot simply ignore. Through the WTO, (neo) liberals can show how the adoption of and emphasis on ideological

consensus can facilitate cooperation among competing states despite their preoccupation over relative gains. At the same time, the experience with multilateral free trade reveals that the liberal thesis does not entirely reject the critic that conflicts and disagreements can also arise from the unequal distributions of economic gains. Under multilateralism, tensions are heightened more by concerns for optimal economic growth than the zero-sum security dilemma. To this extent, it can be inferred that traditional economic factors drive and sustain the multilateral trade system more than geopolitical and/or geo-strategic considerations. In other words, the security-trade linkages under multilateralism highlight the primacy of economic motives over the politico-strategic ones.

The preferential free trade

Empirical studies using ex-ante data such as the comparative general equilibrium analysis (CGE) have revealed preferential FTAs generating a small net positive effect on welfare. This is particularly true when large, developed economies are excluded from these trade agreements.[79] Meanwhile, econometric studies using ex-post data such as the gravity model have shown that geographic distance between two prospective trading partners is statistically significant in determining the flow of trade between them.[80] For instance, some have estimated that trade flow decreases by one percent for every two percent increase in distance between trade partners (Frankel et al., 1997; Martinez-Zarzoso and Nowak-Lehmann, 2003; Carrillo-Tudela and Li, 2004).

Both the CGE and gravity models, however, suffer crucial limitations that make their findings hardly conclusive: they exclude other important non-economic variables such as political and strategic factors in their analysis of FTAs. The results generated from these econometric techniques, therefore, provide incomplete information about the causes and effects of preferential FTAs both at bilateral and minilateral levels. Nevertheless, based on various statistical analyses conducted on preferential trade, economically advanced members, in general, enjoy a higher-than-average trade expansion

[79] See for example, de Melo's (1988) 'CGE Models for the Analysis of Trade Policy in Developing Countries'; Jayasuriya et al's (2009) *Negotiating a Preferential Trading Agreement;* Plummer et al's (2010) *Methodology for Impact Assessment of Free Trade Agreements;* Kawai and Wignaraja's (2010) 'Asian FTAs: Trends, Prospects, and Challenges'; Gilbert's (2010) *New Development in Computable General Equilibrium Analysis for Trade Policy.*

[80] See for example, Martinez-Zarzoso and Nowak-Lehmann 's(2003) 'Gravity Model: An Application to Trade Between Regional Blocs'; Urata and Okabe's (2010) 'The Impacts of Free Trade Agreements on Trade Flows: An Application of the Gravity Model Approach'; and Kepaptsoglou et al's (2010) 'The Gravity Model Specification for Modelling International Trade Flows and Free Trade Agreement Effects.'

from FTA creation. Although preferential FTAs have the capacity for increasing trade as a whole, the distribution of economic gains and benefits among members is highly asymmetrical. That said, why does the number of countries engaging in preferential FTAs continue to increase despite the disproportionate gains that accrue to members? Similarly, why do small, weak countries seem to accommodate and put up with the trade policies and agreements designed and imposed by large, powerful countries despite being short-changed?

Countries actively searching for greater market access are logically drawn to the enticing prospects of signing preferential FTAs, particularly at a time of multilateral trade impasse in the WTO. Several economists and trade experts have long argued that preferential FTAs promote deeper economic integration by performing a unique dual locking function of "locking-out competition and locking-in investment" (Krueger, 1997; Hertel, 1999; Baier and Bergstrand, 2004, 2007). The "locking in" function refers to sensitive issues annexed to specific bilateral and/or minilateral FTAs that are not tackled multilaterally such as trade in services, investments, environment and labour standards. The feasibility of incorporating these non-traditional issues makes them particularly attractive to countries interested in pursuing such aspects of free trade. The "locking out" function relates to the discriminatory impact inherent in both bilateral and minilateral FTAs. For instance, the less efficient countries included in a minilateral FTA are able to secure huge gains from sectors where they do not have comparative advantages, and capture large portions of foreign direct investments (FDIs) coming from the developed members since they have preferential access.

Paradoxically, the locking-out effects of preferential FTAs underline their fundamental limitations that can either reverse or nullify their positive contributions to the world economy. There are several reasons for such argument against FTA proliferation. First, the self-erosion of promised preferential access is a serious problem that is typically associated with the mushrooming of bilateral and minilateral FTAs. The identical market preferences and concessions offered by an FTA initiator to a number of potential trade partners under different FTAs undermine the preferential treatment that it has initially offered to the original partner under the first FTA (Bhagwati, 2008; Kawai and Wignaraja, 2009, 2010; Mansfield and Milner, 2012).

Second, preferential FTAs are notorious for their trade diversion effects that enable inferior products coming from uncompetitive markets to dislodge more superior

products produced elsewhere.[81] The convoluted rules of origin and continued implementation of restrictions on sensitive products force exporters to adopt the multilateral instead of the plurilateral rates. In essence, the number of preferential FTAs resulting into "complete" free trade among members is very small (Crawford and Laird, 2001; Baldwin and Freund, 2011; Saggi and Yildiz, 2011; Francois and Manchin, 2013). Moreover, despite the issues surrounding the multilateral Dispute Settlement Mechanism (DSM) of the WTO, there are no bilateral or plurilateral counterparts that can match the benefits derived from the general application of its rulings (Jo and Namgung, 2012; Chase et al., 2013).

Third, the intensification of regional and transregional FTAs also creates four types of discriminatory effects: "bandwagon effect"; "domino effect"; "spaghetti bowl effect"; and "addictive regionalism." The bandwagoning effect of FTAs is demonstrated when countries hastily conclude FTAs upon learning that other countries have already signed their own (Bhagwati, 1991, 2008; Katada and Solis, 2008; Solis, 2009). The domino effect underlines the contagious impact of FTAs that drives countries into signing FTAs that they have formerly rejected to counter the threat of further exclusion and prevent impending discriminations (Baldwin, 1997; Ravenhill, 2008; Baldwin and Jaimovich, 2010). In the process, the marked increased in the number of FTAs driven by bandwagoning and domino effects produce complicated tariff differentiation procedures designed to accommodate domestic preferences.

These crisscrossing lines of FTAs can be likened to strands of spaghetti tangled in a bowl, hence the term spaghetti bowl effect (Bhagwati, 1995; Horaguchi, 2007; Kawai and Wignaraja, 2010). Finally, the seemingly insatiable appetite for FTAs can be a symptom of addictive regionalism where countries indiscriminately forge preferential trade relations with all possible trading partners (Baldwin, 2006; Baldwin and Jaimovich, 2010). This scenario can be very threatening particularly to periphery and semi-periphery countries in the developing world with no huge markets to offer, leading to their further marginalisation and discrimination in the international system. Such infatuation with preferential FTAs conveniently justifies the neglect of WTO rules and procedures by some of its key members, particularly the wealthy and powerful ones.

[81] See for example, Bhagwati et al. (1999) *Trading Blocs: Alternative Approaches to Analyzing Preferential Trade Agreements;* Susanto et al. (2007) 'Trade Creation and Trade Diversion in the North American Free Trade Agreement'; Aggarwal and Urata's (2006) *Bilateral Trade Agreements in the Asia-Pacific;* Eicher et al. (2008) *Trade Creation and Diversion Revisited*; Findlay and Urata's (2010) *Free Trade Agreements in the Asia-Pacific*; Karacaovali's (2013) 'Trade-Diverting Free Trade Agreements, External Tariffs, and Feasibility.'

Overall, numerous scholars have asserted that the economic benefits derived from preferential FTAs are sub-optimal compared to those that can be gained via multilateral trade. They must be viewed as positional goods since their expected worth is based on the theoretical assumption that they come in limited supply (Hirsch, 1945; Bhagwati and Panagariya, 1999; Nesadurai, 2003 Higgott, 2004; Karacaovali and Limão, 2008). Therefore, the continuous proliferation of FTAs has "diminishing marginal utility" effect particularly for smaller trading countries since their relevance depends on the condition that the rest of the world do not have them.

However, beyond the economic considerations for pursuing preferential FTAs are strategic motives for establishing political alliances. Such prospect does not come cheap since the price paid by small countries for entering into a preferential FTA with a powerful country is full commitment and support to border policy positions of the latter. Thus, preferential FTAs do not necessarily recalibrate power imbalances between partners since the bilateral advantage is much smaller than what countries are afforded under multilateral trade.

There are a number of vital politico-strategic concerns that influence governments' decision to either pursue or defer preferential FTAs: consolidating peace and enhancing regional security; augmenting bargaining power in multilateral negotiations; establishing good governance; averting relapse on significant politico-economic reforms already made; and forging vital geopolitical coalitions through strengthening of diplomatic ties.[82] These objectives highlight the politico-strategic impetus for the continuous proliferation of regional and transregional FTAs where strong political support is rewarded by improved preferential access to huge markets. Such motivations tend to eclipse the role of economic incentives as drivers of preferential FTAs.

So why do small, weak countries willingly accept the rules and regulations at regional or transregional levels that they are not ready to accept at the multilateral level? For the critics of multilateralism, the answers are not hard to find. For instance, Walden Bello (2003) has used the term "multilateral punishment" to describe a remorseful

[82] See for example, Whalley's (1998) 'Why Do Countries Seek Regional Trade Agreements?'; Higgott's (2004) 'US Foreign Policy and the 'Securitization' of Economic Globalization'; Dent's (2006) *New Free Trade Agreements in the Asia-Pacific;* Baldwin's (2006) 'Multilateralising Regionalism'; Lamy's (2007) 'Multilateral or Bilateral Trade Agreements: Which Way To Go?'; Saddique's (2007) *Regionalism, Trade and Economic Development in the Asia-Pacific Region;* Tobin and Busch's (2010) 'A Bit is Better than A Lot: Bilateral Investment Treaties and Preferential Trade Agreements'; Rasiah and Schmidt's (2010) *The New Political Economy of Southeast Asia*.

experience of developing and least developed members of the WTO. These poor countries continue to witness their interests hijacked by powerful WTO members during trade negotiations. This compels them to enter into preferential FTAs where they hope to secure part of those interests previously discarded at multilateral rounds (Smith, 2004; Weiss, 2005; Gallagher, 2008; Jackson, 2008; Joseph, 2013).

Furthermore, there is an important policy phenomenon that is currently shaping American foreign policies, causing the shift away from multilateralism to preferential FTAs. Richard Higgott (2004, 2006) calls this the "securitisation" of foreign economic policy.[83] In doing so, the US has utilised its remaining hegemonic power in consolidating foreign economic and security policies toward the securitisation of economic globalisation that is now increasingly viewed as a security problem rather than a benefit. Following this logic of securitisation, free trade – widely regarded as the engine for economic globalisation – is now interpreted as a security issue that needs to be securitised (Higgott, 2004, 2006; Paniagua and Hernandez, 2011).

One way through which the rich and powerful countries, particularly the US, securitise free trade is by developing preferential FTAs and offering them to select targets preferably their small allied partners. In this context, bilateral and minilateral FTAs are like "brownie points" that are being awarded to countries pledging support for their wider politico-strategic agendas. Juxtaposing Buzan et al's (1998) securitisation theory vis-a-vis Higgot's (2003) securitisation of economic globalisation thesis, the security-trade linkages under preferentialism is a story of periphery and semi-periphery countries responding to the increasing consolidation of security and trade policy domains initiated by the core countries to counter both traditional and nontraditional security threats engendered by the post-September 11 international arrangements.

Based on this conceptualisation, preferential FTAs are now considered vital components of the core countries' artillery of influence. They usefully contain potential threats against state security vis-à-vis human security and thus, go beyond their archetypal role as instruments of economic statecraft. The whole process of free trade is now framed as a security agenda and at its core are preferential bilateral and minilateral FTAs. Accordingly, the free trade rhetoric is embedded into the wider security logic. This

[83] In *Security: A New Framework for Analysis,* Buzan, Barry, Ole Waever and Jaap de Wilde define securitisation as 'a successful speech act through which an inter-subjective agreement is formed within a given political sphere to establish something as an existential threat to a specific referent object, which in turn, allows an appeal for urgent and extraordinary measures to contain the threat (1998: 23).'

implies that free trade objectives are examined not only through the economic lens, but through the security lens as well. Through the consolidation of security interests and free trade objectives, preferential FTAs acquire a vital politico-strategic dimension aside from their traditional economic dimension.

In the post- September 11 world order, there has been a widespread perception that the US is increasingly deviating away from a multilateral track as it seeks to define its national interests mainly in security terms (Krishna and Mitra, 2003; Higgott, 2004; Prestowitz, 2004; Schaefer, 2007; Brewster, 2009). The shift toward a more unilateralist approach with respect to policy positions is evident in the reforms introduced by the prominent multilateral economic institutions including the World Bank, the IMF and the WTO.[84] Even prior to 11 September 2001, the unilateralist stance of the US had already been manifested when it walked away from a number of controversial multilateral dialogues such the Kyoto Protocol, International Criminal Court, Germ Weapons Ban, and the Trade in Light Arms Treaty. Thus, under the Bush administration, American foreign economic policies were designed to manipulate the forces of globalisation rather than reignite the economic dictum of *laissez-faire*. By adopting a more nationalist stance in managing economic globalisation, the US was poised to energise its weakening politico-economic hegemony at the expense of others using the pretext of "war on terror" (Fandl, 2003; Prestowitz, 2004; Higgott, 2004; White, 2005; Lang, 2006).

This "paradigm shift" in US foreign economic policy making is reflected in the government's increasing ambivalence toward multilateral institutions, particularly with respect to the WTO. There are at least two intertwined reasons that prompt such attitude: first, within the WTO, the collective power of EU members is viewed to be closely at par with that of the US; and second, the establishment of the WTO-DSM has severely constrained America's propensity to act according to its terms (Jackson, 1997; Higgott, 2003, 2004; Brown, 2004). There is a looming concern within trade policy communities in the United States that by agreeing to the rules and regulations set by the WTO-DSM the government is virtually trading off its aggressive unilateralist trade strategy in exchange for the multilateral assertiveness of the said body (Elliott and Hufbauer, 2002; Patrick and Forman, 2002; Howse, 2007).

[84] See for example, Malone's (2003) 'A Decade of U.S. Unilateralism?'; Dumbrell's (2002) 'Unilateralism and America First: President George W. Bush's Foreign Policy'; Monten's (2007) 'Primacy and Grand Strategic Beliefs in US Unilateralism, Global Governance'; Fehl and Thimm's (2008) 'American Unilateralism Reconsidered: A Research Program on US Participation in Multilateral Treaties.'

In short, the US now has to deal with more restrictions than ever, which effectively curtail its unilateral power. Although traditionally America's commitment to multilateralism has been resolutely articulated in its economic policy agendas, its prevailing unilateralist stance has triggered the proliferation of preferential FTAs, which it started to offer as bargaining chips to the so-called "coalition of the willing."[85] Although the US has never ceased in expressing its strong rhetorical commitment to multilateral trade negotiations, the imposition of emergency tariffs in its sensitive domestic sectors, as well as the expansion of agricultural subsidies has emphasised the disconnect between theory and practice (Moore, 2003; Brown and Stern, 2011; Becroft, 2012). Stephen Krasner (1999) has described such practice as a form of "organised hypocrisy."

The manner in which preferential FTAs have proliferated is a clear indication of the intensifying unilateral stance in US foreign policymaking. At present, the US is investing more time and effort in securing bilateral trade deals rather than working to gain consensus on sensitive trade issues in the WTO. Consequently, such practice casts doubt on America's intentions for saving multilateralism. As former US Trade Representative Robert Zoellick (in Higgott, 2003: 26) succinctly puts it, an FTA is not a guaranteed right but a privilege that can be earned by prospective partners by pledging support for American foreign policy objectives particularly with respect to its wider security agenda. The rewarding of bilateral FTAs to allied countries is a strategy for building a "coalition of liberalisers" that allows the US to maintain a central role in the expansion of free trade enterprise and other neoliberal values.[86]

The current inclination of developing and least developed countries toward securing preferential FTAs with the US or with other powerful countries, cannot be dismissed as plain "economic irrationality." In some cases, policy elites in small countries are being compelled to enter into uncoordinated bilateral decision-making processes with advanced countries if only to create a false impression of control over their national policy proceedings despite the expected mediocre results (Bhagwati, 2003; Panagariya, 2004; Medvedev, 2006; Aggarwal and Koo, 2008). There is a growing desire among poor

[85] See for example, Ikenberry's (2004) 'American Hegemony and East Asian Order'; Debroy and Chakraborty's (2006) *The Trade Game;* Blass and Becker's (2007) *Strategic Arena Switching in International Trade Negotiations;* He's (2008) 'Institutional Balancing and International Relations Theory.'

[86] See for example, Feinberg's (2003) 'The Political Economy of United States' Free Trade Agreements'; Tellis and Wills' (2006) *Trade, Interdependence and Security;* Bove et al. (2014) 'U.S. Security Strategy and the Gains from Bilateral Trade'; Cooper's (2014) 'Free Trade Agreements: Impact on U.S. Trade and Implications for U.S. Trade Policy.'

nations to solidify their ties with the current superpowers given the ever-increasing scepticism toward any meaningful reforms in the multilateral trading system. In this context, preferential FTAs can be interpreted as "statements of sovereignty" by small countries, particularly at a time when they have little to no influence in WTO negotiations. Hence, while the "hubs" view preferential FTAs as strategic devices for encouraging and incentivising loyal followers in their pursuit of wider politico-strategic agendas such as the war on terrorism, the "spokes" on the other hand, treat them as valuable policy tools.[87]

Overall, the manner in which powerful countries, particularly the US, have managed their preferential FTAs after the September 11 events reveals how fundamental politico-strategic motives drive and sustain preferential bilateral and minilateral FTAs more than traditional economic considerations. As such, security-trade linkages under preferentialism underline the primacy of politico-strategic motives over the economic ones.

2.2.D CONCLUSIONS

Countries continue to trade in the twenty-first century for two main reasons – economic motives and politico-strategic motives. The two are not mutually exclusive but are mutually reinforcing. Against the backdrop of free trade, economic motives are not purely and exclusively "economics" but are politico-strategic motives as well. Similarly, politico-strategic motives are not purely and exclusively "politico-strategic" but are economic motives as well. On the one hand, the balance between economic and politico-strategic motives within the ambit of multilateral trade tilts in favour of the former, which represents the non-traditional, human-centric security dimension of cohabitative security. On the other hand, the balance between economic and politico-strategic motives in the context of preferential trade tilts in favour of the latter, which represents the traditional, state-centric security dimension of cohabitative security.

The liberal thesis refocuses the attention of states to the economic benefits of free trade where human-centric interests trump state-centric interests. The realist thesis emphasises inescapable linkages between security and trade where state-centric security interests subjugate all other forms of interests. The decision of states about how they want to view the utility function of their free trade activities (economic tool versus

[87] See for example, Baldwin's (2008) 'The Spoke Trap: Hub-and-Spoke Bilateralism in East Asia'; Chia et al's (2010) 'Do Hub-and-Spoke Free Trade Agreements Increase Trade? A Panel Data Analysis'; Yildiz's (2014) 'Hub and Spoke Trade Agreements under Oligopoly with Asymmetric Costs.'

politico-strategic tool) depends on their relative positions in the international arena (core versus periphery or semi-periphery). However, as shown in this chapter, that decision does not seem to be in the hands of the developing and least developed countries, but is the responsibility of developed countries. Under both multilateral and preferential free trade, the rich, powerful states that have absolute political, economic and strategic advantages over the poor, weak states that have absolute political, economic and strategic disadvantages.

Regardless of how advanced economies frame the rhetoric of free trade (whether substantive or tactical), the developing and least developed states are left with only one choice. That "choice" is to accept and follow the terms and conditions that apply to these free trade accords unless they are willing to be left behind. The reason for this behaviour is that they need the developed countries more than the developed countries need them. Hence, countries that consider themselves as part of the "coalition of the willing" must be prepared to embrace and adapt to these security-trade dynamics in order to enhance, if not maintain their present status in the international system.

Chapter 3
OVERVIEW OF EAST ASIAN SECURITY-TRADE LINKAGES

3.1 INTRODUCTION

The framing of East Asian security-trade nexus requires a detailed assessment of the present conditions that are shaping the region: from the rise of new "Asian tigers" to the gradual setting of the Japanese red sun; from China's highly anticipated "second coming" to the impending second-best position of the US in the international scene; from the barrenness of Singaporean and Taiwanese islands to their astonishing transformations into global city-hubs; and from the damp sick-beds of Malaysia and the Philippines to their patchy rides toward "first-worldism." These constantly shifting geo-political, geo-strategic, and geo-economic dynamics play a crucial role in understanding the linking efforts and strategies of East Asian countries in the twenty-first century.

In this Chapter I present an overview of the security-trade linking process that is being carried out under the purview of the two most prominent regional institutions in East Asia, namely, the Asia-Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN).[88] In Section 3.2 I identify some of the most crucial factors that have come to shape East Asian security-trade linkages in general: (i) changing views toward free trade; (ii) lethargic multilateral trade forum; (iii) from rush to free trade to rush to preferential FTAs; (iv) the Asian crisis' contagion effect; and (v) the need for strategic diplomacy. In Section 3.3 I examine in greater details the dynamics involved in linking security interests and free trade activities at the regional level using APEC and ASEAN as primary cases, and highlights the specific dimensions vis-à-vis elements of cohabitative security that drive these linkages. Finally, in Section 3.4 I conclude by arguing that both APEC and ASEAN members tend to apply a double-standard when linking security issues with their respective free trade agendas: their willingness to annex state-centric security issues vis-à-vis their reluctance to incorporate people-centric security concerns.

3.2 KEY FACTORS UNDERPINNING THE EAST-ASIAN LINKAGES

3.2.1 Changing views toward free trade

[88] Appendix 1 provides an up-to-date list of FTAs in the Asia-Pacific by group.

During the 1980s, East Asian countries began to break free from their long-standing neo-mercantilist tradition of promoting and protecting strategic export industries as they gradually embraced neoliberal policies (Beeson and Islam, 2005; Dent, 2006). For instance, the "de-securitisation" of American foreign economic policy at the end of the Cold War has put significant pressure on these countries to liberalise their domestic markets that have become heavily reliant upon the rapid growth induced by industrial protectionist policies under the American nuclear umbrella program (Koo, 2013). Since then, the initiatives for free trade agreements have started to gain momentum and by the 1990s, a significant number of Asian countries have embraced the idea of developing and implementing new forms of trade agreements. However, such observation does not hold true for the entire region since it did not result in an absolute neglect of nationalistic preferences as reflected by the reluctant attitude of both developed (Japan and South Korea) and developing countries (Indonesia, Malaysia and the Philippines) toward complete abolishment of tariff and non-tariff barriers particularly in sensitive sectors.

Second, concerning the optimal approach to free trade, Asian countries in general have traditionally preferred the multilateral trading system to bilateral and plurilateral arrangements (Dent, 2003; Bergsten, 2007; Urata, 2013). There was a widely held view that trade liberalisation at the multilateral level was the best path toward economic growth and development. Efforts directed toward the creation of preferential free trade were initially sidetracked as they were believed to undermine the necessary multilateral trade environment, and as such, were deemed inferior alternatives. This shift to a neoliberal trade paradigm has consequently transformed East Asia's security realm given that any attempt at regional integration will only be successful if the plan carefully integrates the overarching security domain.

While the intensifying webs of complex interdependence have propagated the notion of harmony of interests among independent states, ironically, it has also generated "collective insecurities" that threaten not only the territorial boundaries of the states (traditional state security) but also the welfare of people and their communities (non-traditional human security). These new forms of insecurities provided an impetus for launching comprehensive regional dialogues to discuss the feasibility of developing cooperative security frameworks anchored in the efficient facilitation of free trade. The pre-existing levels of economic interdependence among Asian countries with respect to trade, commerce, and flows of resources have served as preliminary building blocks for the statist and humanist linking of security interests and free trade activities. Before the

1990s, a few unsuccessful security dialogues were launched in the region including the Asia and Pacific Council (APC) and the Southeast Asia Treaty Organization (SATO), which collapsed in 1975 and 1977 respectively. Nevertheless, the efforts put into these initiatives were not entirely wasted as they paved the way for the development of other sub-regional forums such as the ASEAN that was established in 1967 and has since evolved into an ASEAN Community.[89] The creation of the ASEAN Free Trade Area (AFTA) in 1992 and the ASEAN Regional Forum (ARF) in 1994 under the auspices of the AEC and the APSC respectively have consolidated efforts toward the linking of security and trade realms. Although the intensification of free trade was clearly not the main objective of the ARF, in the same way that security was not the utmost concern of the AFTA, nonetheless, the changing regional landscape has muddled the lines that separated them. Aside from the ASEAN, several regional institutions designed to enhance regional cooperation have also been established including APEC in 1989 and the East Asian Summit (EAS) in 2005. As mentioned earlier, this Chapter particularly examines the present APEC and ASEAN cases and analyses the dynamics involved in the linking of security interests and free trade activities at the regional level.

3.2.2 Lethargic multilateral trade forum

The sluggishness of the WTO to adopt crucial trade and nontrade-related reforms has resulted in a loss of appetite for intensified multilateralism. One of the most highly contested issues confronting the institution aside from classical economic considerations relates to the incorporation of non-traditional security issues into the multilateral trade agenda (Axworthy, 1997; Dosch, 2003; Caballero-Anthony, 2004; Cooper et al., 2007). The balancing of diverse and often conflicting national interests pursued by all members has proved to be the biggest obstacle in moving forward with the new multilateral negotiation rounds. The so-called "north-south" and "east-west" divides between developed and developing countries that led to the infamous Seattle debacle in 1999 underlined some of the fundamental difficulties in maintaining a mutually satisfying multilateralism. On the one hand, the affluent members argue for the annexation of non-trade issues pertaining to human security such as environment, labour and human rights. On the other, the poor members argue that greater attention must be placed on improving the market access to the developed world's labour-intensive industries

[89] The ASEAN Community is comprised of three interconnected branches: the Political-Security Community (APSC); the Economic Community (AEC); and the Cultural Community (ACC).

particularly the agricultural and textile sectors in which they have the comparative advantage instead of incorporating these non-trade related issues.

Such tension significantly contributed to what Christopher Dent (2006) refers to as "WTO inertia." The freezing of multilateral trade processes represents a "double whammy" for all members specifically with respect to Asian members. From an economic perspective, the export-led growth of East Asian economies is largely anchored in a well-functioning multilateral trade system. In the face of looming uncertainties that threaten the future of multilateralism, states are pressured to look for other alternatives – bilateral and/or minilateral free trade agreements – in order to secure their access to new markets (Dobson, 2001; Pauwelyn, 2008; Baldwin, 2011). WTO members expect these alternative markets to help in the recuperation of some of the forgone economic benefits due to a lethargic multilateral trade, thereby minimising the estimated opportunity costs of WTO inertia. Likewise, the dismal neglect of environmental, labour, and human rights issues in trade negotiations in the midst of Doha impasse compelled the developed world to forge new types of trade agreements that can accommodate these concerns on top of the standard trade matters. In the case of the US and the UE, for example, bilateral free trade agreements are also used as rewards for states that are observing good labour and human rights practices as well as compliance with business ethics similar to those implemented by the OECD countries.[90]

Therefore, it can be inferred that bilateral free trade serves as proxy for the failed multilateral linking of security issues and free trade agendas within a lethargic WTO. States, particularly those in the developed world are actively searching for new channels through which these issue linkages can be fully cemented. In the words of David Vogel (2013: 46), these new agreements "represent a form of forum shifting or an end run around the WTO by advocates of linkages between trade and [particularly] human security." Due to the relative inability of the WTO to effectively implement trade agreements that tackle various security issues vital to its members, the said multilateral institution no longer seems to be the most attractive platform for countries linking their security interests and free trade objectives The coalescence between statist and humanist security interests, on the one hand, and various types of free trade, on the other, is a practical indication that security-trade linkages are alive and dynamic in the twenty-first

[90] As argued in Chapter 1, environmental, labour and human rights issues all fall under the non-traditional, human-centric dimension of cohabitative security. See, Aggarwal and Govella (2013).

century, and help explain the ongoing rush to regional and trans trans regional free trade activities.

3.2.3 From "rush to free trade" to "rush to preferential FTAs"

The mounting anxiety being brought about by the proliferation of FTAs in different parts of the world – the European Union (EU), European Free Trade Association (EFTA), North American Free Trade Agreement (NAFTA) and the Southern Common Market (MERCOSUR) among others – has forced East Asian countries to engage in these activities in order to secure and maintain access to huge markets particularly in the developed world. Bleak predictions on trade and investment diversion effects resulting from these major FTAs have caused unrest among various policy circles in the region. Catching up with the rest of the world in terms of FTA development has become a huge area of concern among East Asian leaders (Dent, 2006; Tow, 2009).

One way to pull alongside is by incorporating non-trade related issues that have been previously ignored at the WTO (Dent, 2006, 2010; Aggarwal, 2013; Aggarwal and Govella, 2013). The US and the EU are the two most powerful FTA initiators on this new playing field, while East Asian countries are viewed as strategic targets along with the other smaller and less powerful actors in other regions. The intensifying albeit highly disproportional relations between "initiators" and "targets" have set in motion the rush to preferential FTAs.

On the one hand, the US approach to security-trade linking process highlights the relative importance of security considerations over economic prospects. As posited earlier Americna foreign policymakers are using traditional and non-traditional security issues as *raison d'être* for developing and implementing preferential FTAs. From an economic standpoint, pursuing deeper trade liberalisation via FTA creation can only generate marginal gains for the US given that in most cases, its partners are either already too open (Singapore) or too small (Bahrain).[91] Therefore, Washington's motives for offering FTAs to prospective targets can be explained more meaningfully by looking at its security considerations.

First, in terms of traditional security, Washington's series of FTA launch after 9/11 was primarily meant to sustain and enhance the old allies' support while

[91] A notable exception to this is the US-Korea Free Trade Agreement that has drawn significant controversy from various members of the domestic polity. This is because of the huge amount of trade included in the said agreement as well as its effects on import-competing industries in the United States. See, Aggarwal 2013.

simultaneously enlisting new partners in its "war on terror" agenda (Fandl, 2003; Desker, 2004; White, 2005; Tow, 2009; Aggarwal, 2013). Although these FTAs are economically insignificant, however, vital security considerations on the part of the US have been paramount in their negotiations and eventual implementation.[92] Similarly, the US balancing against other rising superpowers specifically China – or even the EU for that matter – via preferential trade underscores the politico-strategic utility of American FTAs (Dent, 2006, 2010; Tellis and Wills, 2006; Aggarwal, 2013; Tow and Stuart, 2014). Its respective FTAs with Chile (2004), Singapore (2004) and Australia (2005) are driven by-security considerations which are necessary for containing China's continuous rise to global hegemony in the Asia-Pacific (Dent, 2006, 2010; Aggarwal, 2013). Moreover, the active participation of the US in various trans regional economic arrangements that involve the Asia-Pacific such as the APEC and the impending Trans-Pacific Partnership (TPP) is propelled mainly by its strategic security outlook rather than commercial interests (Capling and Ravenhill, 2011; Ahnlid, 2013; Tow and Stuart, 2014).

Second, in terms of non-traditional security, issues relating to the promotion of democracy and human rights have proved to be difficult to negotiate although certain labour standards and environmental-related provisions have been tackled quite considerably and are now gradually being cohabitated into its bilateral FTAs.[93] To do this, the US has introduced legally binding commitments that require a target state to incorporate specific labour and environmental standards in domestic law and subject them to dispute settlement (Gynberg and Qalo, 2006; Aggarwal, 2013; Vogel, 2013). As part of its TPP proposal, -Washington calls for members to adopt the rights included in the 1998 International Labour Organization Declaration on the Fundaments Principles and Rights at Work.[94]

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[92] Examples of these security-driven trade accords are the US-Israel (1985); US-Jordan (2000); US-Morocco (2006); US-Bahrain (2006); and the US-Oman (2009) FTAs. See, Office of the United States Trade Representative's website, available online at http://www.ustr.gov/trade-agreements/free-trade-agreements.

[93] The North American Free Trade Agreement (NAFTA), for example, has played a crucial role to the incorporation of non-traditional security issues in FTAs despite their relatively marginal economic importance. In particular, NAFTA has provided the necessary platform for adopting the Generalised System of Preference (GSP) which included some important provisions: (i) right of association; (ii) right to collective organisation and bargaining; (iii) prohibition on the use of any form of forced or compulsory labour; (iv) setting a minimum age for children's employment; and (v) acceptable working conditions in terms of minimum wage, hours of work and occupational safety and health standards. See for example, Hufbauer and Schott (1994); Cameron and Tomlin (2002); Aggarwal (2013).

[94] For full copy of the said document see the International Labour Organizations' official website, available online at http://www.ilo.org/declaration/lang--en/index.htm.

In addition, the US has also urged member countries to adopt measures that will reduce the volume of trade in products that use forced and child labour and suggested that national labour laws be strictly applied even in export processing and free trade zones (Capling and Ravenhill, 2011; Aggarwal, 2013). Meanwhile, with respect to environmental issues, the Office of the United States Trade Representative (USTR) has included in their TPP outlines the promotion of environmental protection.[95] Hence, although the nature of American FTAs may seem to be driven both by economic and security imperatives, a closer examination of the expected economic costs and benefits of these accords suggest that the US approach to security-trade linkages underlines their politico-strategic rather than their economic utility (Dent, 2006, 2010; Aggarwal, 2013; Tow and Stuart, 2014).

On the other hand, the EU's approach to security-trade linking process highlights the importance of institutionalising these linkages, specifically the political clauses that constitute its core values and principles, rather than applying them arbitrarily whenever deemed necessary. As such, the EU is mandated by the Lisbon Treaty to uphold and promote its values and interests when conducting external relations with other countries.[96] In particular, it states that EU foreign policymaking vis-à-vis its trade objectives must be carefully incorporated to "promote respect for human rights, labour standards, environment and good governance."[97] This specific legal provision of the EU Constitution compels its members to propagate the organisation's core values, and principles as a means for achieving pacifying levels of security within and outside its borders. It does so by designing EU trade policies that serve as "an instrument for fair trade that can bring into general practice the effective inclusion and implementation of social and environmental standards with all EU trade partners" (European Parliament, 2010). In short, inclusion of these vital non-traditional security clauses – specifically those that relate to the protection of human rights as well as the non-proliferation of weapons of mass destruction – must be non-negotiable in all EU international agreements.

Whether these security-trade linkages will result in a stable issue area or not will depend largely on how the target states interpret them. For instance, if the EU's trade

[95] See, USTR Trans-Pacific Partnership website, available online at https://ustr.gov/tpp.
[96] For the full text of the Treaty of Lisbon see EUROPA's official website, available online at http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:C:2007:306:TOC.
[97] Ibid.

partners agree that the incorporation of the so-called "Copenhagen Criteria"[98] has sufficient intellectual basis (read as substantive), then stable outcomes are likely to emerge.[99] The EU's decision to suspend the Deep and Comprehensive Free Trade Area (DCFTA) with the Ukraine underlines the strength of its resolve for pursuing a value-based approach to security-trade linkages.[100] Meanwhile, in some other cases particularly with respect to the EU-Africa, Caribbean and Pacific countries (ACP), target states have consented to the issue linkages to secure the trade benefits they expect to gain from the EU despite their view that such initiatives are merely tactical.[101] Nevertheless, as far as the EU is concerned the goal of achieving a more equitable and sustainable development has been its main impetus for engaging in asymmetric FTAs with the ACP countries under the Cotonou Agreement.[102] The ACP countries are well aware that without agreeing to the political clauses espoused by the EU, there will be no trade concessions.[103]

However, if the target states shall view these issue linkages as part of the EU's covert protectionist agenda (read as tactical), then unstable results will emerge.[104] In

[98] The Copenhagen Criteria was implemented in 1993 and established the basic criteria that must be met to gain accession to the EU. These are: (i) to uphold a democratic society; (ii) to abide by the rule of law; (iii) to observe human rights; and (iv) to maintain a market economy. For more details on the Copenhagen Criteria, see, EUROPA's official website, available online at http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhague_en.htm

[99] This is particularly true for the FTAs that have been implemented between EU members, on the one hand, and prospective EU candidates, on the other. In these agreements, security has been the main driving force. The target countries have largely agreed that the issue linkages in question are 'substantive' in nature and therefore, lead to stable outcomes. Examples of these agreements are those with Macedonia (2004); Croatia (2005); and Montenegro (2010). See, Aggarwal and Govella (2013) and Ahnlid (2013).

[100] For a more detailed discussion of the DCFTA, see Ahnlid (2013); Manoli (2013); Spiliopoulos (2013).

[101] Here, EU leaders and policy elites have assigned significant essence to human rights and democracy linkages as key strategies for convincing ACP countries to consent to what the West deems 'universal' norms and principles. Although some observers have attributed the relative success of these issue linkages to the asymmetric power relations between the EU and ACP countries, nonetheless, the former believes that they have been largely effective in their linking effort and strategy. See, Hurt (2003); Flint (2009); Ahnlid (2013); Lister and Carbone (2013); and De Lombaerde and Kingah (2014).

[102] In terms of the number of participants, the so-called 'Economic Partnership Agreements' under the Cotonou Agreement, which cover 80 countries from seven different regional groups in Africa, the Caribbean and the Pacific, is EU's largest trade-related agreement. For more information about the Cotonou Agreement, see EUROPA's official website, available online at http://europa.eu/legislation_summaries/development/african_caribbean_pacific_states/r12101_en.htm.

[103] The ability of the EU to suspend the provisions included in the Cotonou Agreement has greatly influenced the readiness of the ACP countries to accept these political clauses. To prevent the forfeiture of trade concessions, all parties have agreed to consult with each other to find the most feasible solution to any breach of agreement. See, Hurt (2003); Flint (2009); Ahnlid (2013); Lister and Carbone (2013); De Lombaerde and Kingah (2014).

[104] This is particularly true among distant targets that are neither candidates nor close neighbours of the EU. Among developing countries, suspicion and distrust toward the EU's real intentions for linking

asymmetric relations where the EU is the stronger partner, agreements to such linkages may not even be necessary (Ahnlid, 2013). However, when power relations are relatively equal, success will be less certain. For instance, it will be interesting to see how the EU will react if a major economy such as India decides to reject the political clauses that are expected to be included in the prospective EU-India FTA considering the considerable economic opportunity that may derive from it (Khorona and Perdikis, 2010; Wouters et al., 2013).

Hence, from the EU's perspective, these fundamental values and principles enshrined in the organisation's constitutions are inviolable and fixed. Consequently, the EU demands that all target countries agree to these issue linkages before any agreement can be concluded and ratified (Aggarwal and Govella, 2013; Ahnlid, 2013). Any violation or disregard of these mandated clauses can lead to either suspension or termination of the agreement under consideration and even those which are currently in effect. Thus far, the EU has been successful at framing security issues as necessary preconditions for the target countries that wish to gain access to its trade concessions. While the EU approach may seem to be less interventionist compared to the US process, nonetheless, it meets the standards of various political stakeholders in the member countries and the European Parliament (Anhlid, 2013).

Overall, regional and trans regional FTAs have become the vital platforms for the security-trade linking efforts of both the US and the EU amid a lethargic WTO. Given the current deadlock in multilateral trade negotiations, the emergence of preferential FTAs is a timely opportunity for the intelligent articulation of these security-related issues within the respective free trade agendas of the world's two most powerful FTA initiator states.

3.2.4 The Asian crisis' "contagion effect"

The 1997/98 financial crisis provided another significant impetus for the linking of security issues and free trade agendas in Asia. For example, the AFTA created in 1999 was hailed as the premiere institution for pursuing the region's core trade liberalisation objectives. However, the unexpected Asian financial crisis engendered serious political

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the political clauses remain high, especially when the latter continues to implement protectionist measures, notably on imported agricultural products. An example is the FTA included in the EU-Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) Agreement that has been agreed to in 2010, but is yet to be signed and ratified. For more information on the said agreement, see, European Commission's official website, available online at http://trade.ec.europa.eu/doclib/press/index.cfm?id=689.

and economic upheavals, which thwarted the efforts and commitments of the members as they became distracted by their domestic affairs. While Singapore's proposal for speeding up the AFTA process met strong oppositions from the Philippines and Indonesia (these countries unilaterally postponed liberalisation in their respective petrochemical industries), Malaysia's decision to temporarily cancel the implementation of its tariff schedule on automotive product imports under AFTA for another three years created frictions with Thailand (Dent, 2006, 2010).

This constant push and pull with respect to AFTA commitments proved to be detrimental to the ASEAN's institutional coherence and overall economic utility, thereby making it a less attractive platform for rolling out new trade initiatives. The mounting disappointments on the part of Singaporean leaders and policymakers had forced them to consider other trade alternatives aside from AFTA, and it did not take long before they discover the opportunities that they derive from entering into bilateral FTA (Dent, 2006, 2010; Leu, 2011). The active involvement of Singapore in bilateral FTAs was noticed as critical ASEAN members particularly Malaysia became wary of their effects on the long-term operation and significance of the AFTA. Furthermore, Singapore's initiatives to incorporate non-trade related issues such as labour and environmental clauses in its FTA with the US had marked the beginning of a new approach to negotiating trade agreements in the region (Liang, 2005; Pang, 2007; Kuik, 2008). Despite the members' scepticism toward Singapore's new approach to economic cooperation in general, let alone the cohabitation of humanist security issues into preferential FTAs, Thailand – and later on Malaysia and the Philippines – have decided to pursue their own bilateral accords with non-ASEAN countries amid growing fears of further isolation and marginalisation (Desker, 2004; Dent, 2006, 2010).

Beyond Southeast Asia, the financial crisis also compelled East Asian countries particularly Japan to formulate a new model that could significantly improve regional cooperative frameworks by embedding FTAs within its so-called "economic partnership agreement" (EPA). From Japan's standpoint, the main rationale behind the EPA is the cultivation of an economic community that strengthens communal bonds between signatory members.[105] Therefore, any future crisis can be more appropriately addressed

[105] For more information about the general and specific objectives of the EPAs, see the Japan Ministry of Economy, Trade and Industry's official website, available online at, http://www.meti.go.jp/policy/trade_policy/epa/english.html.

and effectively managed with the launch of an EPA model.[106] Hence, the financial crisis resulted in East Asia's deeper engagement with preferential FTAs. It served as a catalyst for overcoming the long-standing domestic opposition to crucial economic reforms, on the one hand, and for facilitating necessary domestic political restructurings, on the other (Dieter, 2007; Drysdale and Terada, 2007; Kawai and Wignaraja, 2010: Chin, 2014). Grim forecasts about region's future politico-economic viability led to the promotion of FTAs as vital elements of wider EPAs with prospective target states (Dent, 2006; Kawai and Wignaraja, 2010).

Since robust politico-diplomatic ties necessarily underpin the effectual governance of regional interdependence, critical linkages between security and trade once again feature in the discussions of FTA agendas in post-Asian financial crisis setting. In general, East Asian countries' linking strategies complement those of Southeast Asian states. The general trend is for big countries to attract small countries and for small countries to attract big countries (Dent, 2006, 2010; Koo, 2013; Lee, 2013). In this context, the East Asian countries are the "great power" initiators while the Southeast Asian countries are the "small power" targets. Somewhat akin to the magnetic laws of attraction and repulsion where like poles repel each other while opposite poles attract each other, the powerful and affluent East Asian attracts the weak and poor Southeast Asia, and vice versa. Hence, East Asian countries try to lure Southeast Asian countries into signing FTAs with them to boost their number of allies and undercut the influence of other great power competitors. Similarly, Southeast Asian governments also try to entice their East Asian counterparts to enter into these agreements in the hope of enhancing their economic gains while reducing their security vulnerabilities.

This is particularly relevant in the context of deteriorating Sino-Japanese relations. The intensifying rivalry between China and Japan vividly demonstrates the process with which security issues are being cohabited within preferential FTA agendas. The politico-strategic motives of both countries – aggravated by their bitter memories of the past – hinder the development of an East Asian regional FTA. The declining Japanese influence vis-à-vis the ever-increasing Chinese dominance has led to significant

[106] Japan is currently implementing a total of fourteen EPAs with countries including Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, Philippines, Switzerland, Vietnam, India, Peru, Australia and the whole ASEAN. It is also presently negotiating for EPAs with Mongolia, Canada, Colombia, South Korea and China, the EU, and the Gulf Cooperation Council (GCC). For more information on these EPAs see the Ministry of Foreign Affairs of Japan's official website, available online at, http://www.mofa.go.jp/policy/economy/fta/.

shifts in their respective regional economic and politico-strategic agendas and subsequently reconfigured Asian institutional dynamics (Katzenstein, 1996; Pempel, 2005). Both countries have observed the delicate balance between collaboration and opposition while developing and implementing their respective FTA agendas. On the one hand, such behaviour explains why Japan refuses to conclude a bilateral FTA with Taiwan to avoid offending China despite the Taiwanese government's aggressive courtship of Japan. On the other, it also explains why a bilateral FTA between China and Japan seems impossible given the desire of both countries to achieve a regional "hegemonic" status (Lee, 2013).

The creations of the ASEAN-Japan Comprehensive Economic Partnership (2008), ASEAN-China Comprehensive Economic Cooperation Agreement (2010) and the ASEAN-Korea Comprehensive Economic Cooperation Agreement (2010), cogently exemplify this general approach to East Asian security-trade linkages.[107] Despite the enormous economic incentives from forming a trilateral FTA among China, Japan and South Korea, vital politico-strategic considerations compel these countries to go head to head on a "trade courtship" with the ASEAN instead. Outside of East Asia, the ASEAN also concluded trans regional agreements with other countries such as the ASEAN-Australia and New Zealand Free Trade Agreement (2009) as well as with the ASEAN-India Comprehensive Economic Cooperation Agreement (2009).[108] These accords further highlight the extent of security-trade linkages in the post-Asian crisis setting.

3.5.5 The need for strategic diplomatic exercises

As previously mentioned, politico-diplomatic exercises buttress regional interdependence. Here, FTAs are viewed as necessary instruments for forging strategic diplomacy with inter-regional and trans regional partners. There are several ways in which FTAs can help enhance a country's strategic diplomacy; through cooperative diplomacy, security alliance, competitive bilateralism and isolation avoidance. [109].

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[107] For more details on each of these agreements, see Asia Regional Integration Center's official website, available online at http://aric.adb.org/fta-group.

[108] For more information on these two agreements, see Asia Regional Integration Center's official website, available online at http://aric.adb.org/fta-all.

[109] See, for example, Mansfield's (1994) 'Alliances, Preferential Trading Arrangements and Sanctions'; Dent's (2006) *New Free Trade Agreements in the Asia-Pacific;* Lee and Kim's (2010) 'Assessing the Impact of Economic Interdependence on East Asian Alliances'; Corning's (2011) *Trade Regionalism in a Realist East Asia: Rival Visions and Competitive Bilateralism;* Goldstein and Mansfield (2012) *The Nexus of Economics, Security, and International Relations in East Asia.*

Cooperative diplomacy is best illustrated in the context of the 1997/98 Asian financial crisis discussed in the previous subsection. Following the liberal thesis particularly its liberal institutionalist variant, the proliferation of Asian FTAs sets the backdrop for closer regional integration and improved facilitation of related proceedings. While increasing interdependence enhances and promotes the concept of shared interests among cooperating countries, ironically, it also exposes them to mutual threats (Copeland, 1996; Dent, 2006, 2008; Tellis and Wills, 2006; Goldstein and Mansfield, 2012). The formulation of preferential FTAs is viewed as a necessary platform through which regional efforts can be consolidated in deterring potential threats particularly those that undermine economic considerations.

Meanwhile, alliance diplomacy stems from the realist thesis specifically its neo-realist variant. It is best captured in the discussion of American securitisation of economic globalisation in Chapter 2 where FTAs serve as politico-strategic instruments for advancing underlying tactical state-centric agendas rather than substantive human-centric objectives (Higgott, 2004; Gallegos-Paniagua and Vargas-Hernandez, 2011; Goldstein and Mansfield, 2012). Within the Asia-Pacific, the conclusions of the Australia-US and US-Singapore FTAs reveal that America's intention for maintaining its politico-diplomatic relevance in the region is to balance effectively the ever-increasing power of China. The decisions to reward Australia and Singapore bilateral FTAs were largely based on their strong commitments to America's "war on terror" launched during the Bush Administration (Higgott, 2004; Dent, 2006, 2008; Cooper et al., 2007).

Similarly, competitive bilateralism also projects a neo-realist view of FTAs by treating them as objects of inter-state competition for achieving economic and politico-strategic dominance (Dent, 2006, 2008; Corning, 2011). This is best illustrated in earlier analyses of FTA formations between great powers in East Asia and small Southeast Asian countries. For instance, China, Japan and South Korea's individual FTAs with ASEAN expose the triad's strategic interests in expanding their respective politico-diplomatic advantages over the region as well as in spreading their preferred norms and customs when conducting regional dialogues and consultations (Tellis and Wills, 2006; Corning, 2011; Kahler, 2013).

Finally, and as a corollary of competitive bilateralism, the decision of small East Asian countries, particularly those that are not successful in convincing great powers to strike a deal with them, hastily conclude preferential FTAs with the "most available" partner to avoid further isolation and marginalisation (Dent, 2006, 2008; Low and

Baldwin, 2009; Corning, 2011). As mentioned earlier, the initial critical stance of several ASEAN members toward Singapore's active involvement in FTAs outside the AFTA proved to be short-lived as they all gradually embraced the very same mechanism for securing comparable trade preferences and offsetting the adverse impacts of trade diversion. Meanwhile, within the Anglo-Pacific sub-region, New Zealand is currently trying to negotiate a bilateral FTA with the US after the latter has implemented the same agreement with Australia.[110] The asymmetrical trade preferences provided by the US between Australia and New Zealand, along with the trade diversion effects created by the AUSFTA, places New Zealand at a disadvantaged position. Concluding an FTA with the US, however, will be more challenging and complicated for the New Zealand government because of its longstanding politico-diplomatic issues with Washington such as the barring of American nuclear-powered ships from docking in its harbours and a general disinterest in joining the US-led "war on terror" (Dent, 2006; Vaughn, 2012).

Together, these five key factors provide a preliminary understanding of the dynamics and extent of East Asian security-trade linkages in the twenty-first century. The next section analyses these linkages more closely by examining them within the APEC and ASEAN contexts. It evaluates the core security dimensions vis-à-vis elements that drive the regional security-trade linking process and investigates some of the major issues and implications concerning these linkages.

3.3 REGIONAL LINKING EFFORTS IN THE APEC AND ASEAN

3.3.1 The APEC Way of linking security and trade

The linking of security interests and free trade activities within APEC is propelled by the liberal economic thesis underlining the importance of healthy inter-state trade relations in curbing the incidence of regional and global conflicts. The constructivist notion of community-building – through enhancing mutual trust and confidence among members, and socialising government elites into preferred policy-making norms and behaviours – emanated from the early notion of pursuing economic interdependence to harmonise competing national interests (Aggarawal and Morrison, 1998; Tow, 2009; Ravenhill, 2013). APEC leaders recognised that such a vision would not materialise without

[110] For more information on the proposed US-NZ FTA, see New Zealand Ministry of Foreign Affairs and Trade's official website, available online at http://www.mfat.govt.nz/Countries/North-America/United-States.php.

sufficient collaboration among member countries to address domestic and international crises that hamper regional economic integration. Yet, from the viewpoint of some APEC leaders, extending the agenda to encompass statist security issues would threaten the very existence of the organisation. Therefore, APEC must prohibit itself from delving further into the security realm (Bergsten, 2007; Ravenhill, 2007, 2013).

Similarly, APEC members were prevented from slotting in various non-traditional security concerns since the primary mission of the organisation is to open the way "for business to do business" (Spero, in Ravenhill, 2013: 50). In short, the organisation's security function has been restricted to ensuring the smooth facilitation of free trade. APEC has explicitly expressed its interest in managing only the economic facet of the "division of labour" among key regional institutions in Asia. Hence, it should not be in the business of pursuing non-traditional security agendas as they unnecessarily strain business operations in the region. For example, the human security rhetoric that underscores the protection of individuals and communities from threats emanating both internally and externally is deemed to violate the principle of non-interference in the domestic affairs of the members specifically by the ASEAN leaders (Nishikawa, 2009; Emmers, 2012, 2013; Caballero-Anthony, 2005, 2012). National political and social policy domains remained forbidden terrains during the APEC dialogues (Feinberg, 2003; Soesastro, 2003; Ravenhill, 2013). Therefore, linking human security issues and regional trade agreements to boost further economic interdependence would constitute a "red flag" among members.

Nevertheless, APEC was familiar with the concept of comprehensive security specifically concerning issues of energy security. The creation of APEC's Energy Working Group (EWG) in 1990 provided a strong platform for discussing the securitisation of energy supply since the region is home to some of the top energy importing and exporting countries in the world.[111] While APEC ministers had initially agreed that the best way to administer non-binding energy security policies was to allow independent initiatives by the national governments, later on they recognised the importance of monitoring regional capabilities for managing sudden disruptions in the supply chain, which could eventually lead to a full-blown crisis (Fesharaki, 1999; Samuelson, 2014).

[111] For more information on the APEC's Energy Working Group, see APEC's official website, available online at http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Energy.aspx.

In 2001, APEC leaders approved EWG's proposal for establishing the Energy Security Initiative (ESI) designed to developed strategic plans for resolving temporary disruptions in the energy supply of the region.[112] Moreover, in 2008, the EWG also formed the Energy Trade and Investment Task Force (ETITF) mandated to promote transparency, flexibility and efficiency in the operation of energy markets in the APEC region, along with some key environmental policies for combating global warming such as curtailing greenhouse gasses through the adoption of a carbon pricing mechanism.[113] The great emphasis placed on energy vis-à-vis environmental security reflects some of the earlier efforts made by APEC members to incorporate some of the most fundamental security issues into their regional free trade agendas. But despite such an impressive array of cooperative measures in the field of energy security, the consortium still failed to initiate any meaningful joint actions with regard to other equally if not more important security issues that threaten the region.

The 9/11 attacks on the US, however, provided the much-needed catalyst for expanding APEC's official agendas to include both traditional and non-traditional security issues in the region (Song, 2003; Aggarwal and Lee, 2010; Ravenhill, 2013). This remarkable paradigm shift within the organisation's decision-making body highlights its changing perceptions toward the importance of linking security interests and free trade activities. For one, the artificial divide between economics and security has been completely shattered. The terrorist attacks launched against the world's superpower demonstrated the catastrophic effects of undetected security threats to economic growth and development. In addition, the resulting anti-terrorism agenda reinvigorated APEC's diminishing influence over Asian free trade in general amid the rush to bilateral FTAs. A single "successful" terrorist act against members can swiftly nullify all the positive gains derived from APEC trade negotiations. For example, IMF estimated the cost of the 9/11 Al-Qaeda terrorist attacks on the US to be roughly 0.7 percent of its GDP. Contrast this to the country's gains from the GATT trade negotiations during at the Uruguay Round that ranged between 0.4 and 0.6 percent only. Such figures illustrate how a terrorist attack even within just twenty-four hours can undo a decade's worth of arduous trade negotiations (Bram et al., 2002; Looney, 2002; Rose and Blomber, 2010; Ravehill, 2013).

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[112] For more information on the APEC's Energy Security Initiative, see APEC's official website, available online at http://www.ewg.apec.org/energy_security.html.

[113] For more information on the APEC's Energy Trade and Investment Task Force, see APEC's official website, available online at http://www.ewg.apec.org/task_forces.html.

Inevitably, the US has once again taken the driver's seat promoting APEC's new agenda after some of its most prominent members including Australia and Japan became fully aware of the organisation's deteriorating influence over vital economic policy objectives. Considering its difficulty promoting trade liberalisation to the next level, in an attempt to revitalise the organisation the US introduced various initiatives such as the Free Trade Area of Asia-Pacific (FTAAP) and the Trans-Pacific Partnership programme (TPP). Given the aggregate economic size of the TPP's foremost members – Brunei, Chile, New Zealand and Singapore – the US was clearly not motivated by market access concerns. However, it does view the TPP as a prototype for the FTAAP since the former is considered a first-rate FTA that aims to abolish tariffs on all goods by 2015 (Kim et al., 2013; Koo, 2013).

The creation of Secure Trade in APEC's Region (STAR) served as the organisation's primary instrument for securing trade by adopting various counter-terrorism strategies to safeguard supply chains at minimum costs.[114] While APEC members view its security agenda as a strategy for enhancing trade facilitation against the backdrop of terrorism, Washington sees it as another channel through which its "war on terror" project might be carried out (Dent, 2006; Tow, 2009; Tow and Stuart, 2014). As discussed earlier, such misconception leads to failed linkages, which destabilise the organisation's pursuit of economic and politico-strategic interdependence. Nevertheless, Asian countries are aware of the continuing relevance of the US presence in the region since no other country or alliance of countries can effectively balance both the military and economic preponderance of China when push comes to shove (Goh, 2004; Tow, 2009; Ho and Wong, 2011).

However, APEC's increasing focus on state security has induced polarising opinions about its implications on the organisation's original economic thrust and started to worry some of its members. Therefore, its leaders decided to reconceptualise APEC's security discourse by framing it within the context of human security. The term was formally adopted in the 2003 APEC Leaders' Declaration, which endorsed a people-centred security agenda designed to counter trans-boundary threats to people and communities:

[114] For more information on APEC's Secure Trade in APEC's Region program, see APEC's official website, available online at http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Counter-Terrorism/Secure-Trade-in-the-APEC-Region.aspx.

> APEC's agenda emphasises the economic dimensions of human security: it recognises that threats may potentially undermine APEC's efforts to raise living standards and reduce poverty in the region. APEC's agendas for human security and the economy are complementary: human security is essential to growth and prosperity. Conversely, economic stability enables better preparation for, more efficient responses to, and quicker recovery after attacks or disaster.[115]

Since its first appearance in the 2003 *"A World of Differences: Partnership for the Future Declaration"* Declaration, human security has become a staple feature of the APEC agenda in the years that followed. In 2004, the "*One Community, Our Future Declaration"* Declaration expanded the scope of APEC's human security agenda by consolidating government efforts for strengthening public health systems to effectively respond to regional health security threats including SARS and HIV/AIDS.[116] Meanwhile, the 2005 *"Towards One Community: Meet the Challenge, Make the Change"* Declaration reiterated APEC's stance regarding terrorist activities threatening the organisation's goal of advancing prosperity while emphasising security's position as 'complementary mission' in the agenda.[117] In addition, it also made reference to collective efforts toward countering pandemic diseases specifically influenza.[118] In 2006, the *"Towards a Dynamic Community for Sustainable Development and Prosperity"* Declaration noted the value-added role and cooperative efforts necessary for ensuring emergency preparedness and disaster response against the backdrop of large-scale natural disasters adversely affecting the economy and the people.[119] Moreover, it restated the intertwined roles of energy and environmental security when achieving sustainable economic development on top of the usual emphasis given to terrorist acts.[120]

In 2007, the "*Strengthening Our Community, Building a Sustainable Future"* Declaration addressed the challenges relating to climate change, energy security and clean development.[121] In addition, APEC has begun to endorse issues relating to food security

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[115] For the full original text of the 2003 Declaration, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2003/2003_aelm.aspx.
[116] For the full original text of the 2004 Declaration, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2004/2004_aelm.aspx.
[117] For the full original text of the 2005 Declaration, see APEC's official website, available online at http://www.apec.org/Press/Features/2005/0401_Towards_One_Community_Meet_the_Challenge_Make_the_Change.aspx.
[118] Ibid.
[119] For the full original text of the 2006 Declaration, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2006/2006_aelm.aspx.
[120] Ibid.
[121] For the full original text of the 2007 Declaration, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2007/2007_aelm.aspx.

such as the voluntary Food Defence Principles in protecting the food supply against deliberate contamination.[122] The 2008 *"A New Commitment to Asia-Pacific Development"* Declaration refocused APEC's attention back to its fundamental neoliberal economic ideals when confronting the most recent global financial crisis. [123] It underlined the importance of securing regional trade by implementing various non-traditional security components, including: counter-terrorism; disaster risk reduction, preparedness and management; climate change, energy security and clean development. In the aftermath of the global economic crisis that was unprecedented in severity since the Great Depression and the devastating natural calamities that struck several member countries, the 2009 *"Sustaining Growth, Connecting the Region"* Declaration had once again underlined the need to enhance human security vis-à-vis free trade to better promote the region's key thrusts:

> We reaffirm the importance of enhancing human security and reducing the threat of disruptions to business and trade in sustaining economic growth and prosperity in the Asia-Pacific region. We recognise the importance of building capacity to counter terrorism and welcome APEC's work in areas such as trade security, aviation security, anti-terrorist protection of energy infrastructure, countering terrorism financing, fighting cyber-terrorism, protecting the food supply against terrorist contamination and emergency preparedness.[124]

In 2010, the *"Change and Action"* Declaration laid out the plan for developing an APEC community, one in which:

> …trade and investment are freer and more open; supply-chains are better connected; doing business is cheaper, faster, and easier; growth is more balanced, inclusive, sustainable, innovative, and secure; and we are better able to cope with threats to human security and economic activity.[125]

It called for the protection of the fundamental tenets of human security throughout the region and appealed for the continuous improvement of collective ability

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[122] Ibid.
[123] For the full original text of the 2008 Declaration, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2008/2008_aelm.aspx.
[124] For the full original text of the 2009 Declaration, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2009/2009_aelm.aspx.
[125] For the full original text of the 2010 Declaration, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx.

to provide for this security. [126] Strangely, from 2011 up to the most recent APEC Summit held in Beijing in 2014, the Declarations did not only lack separate sections or subheadings for human security but also dropped the term completely.[127] Nevertheless, the discussions on various security provisions included in the previous APEC Declarations from 2003 to 2010 highlight the organisation's concrete contributions to the advancement of Asian security in the twenty-first century.

APEC's espousal of the human security rhetoric and agenda can be interpreted in three ways: first, as an attempt to regain the trust and confidence of members being threatened by traditional security issues (Dent, 2006, 2010; Aggarwal and Govella, 2013); second, as an attempt to re-establish its diminishing relevance in the region amidst the continuous growth of preferential FTAs (Findlay et al., 2003; Hsieh, 2013); and third, as an attempt to address what John Ravenhill (2013: 61) refers to as a "legitimacy deficit" arising from the perception that the organisation was largely indifferent and unresponsive to the concerns of other important domestic actors aside from the large and powerful business conglomerates.

Despite these serious attempts to maintain relevance, APEC's linking of humanist security issues with free trade agendas poses a serious problem for the organisation. Considering that some human security-related issues can significantly delay the process of eliminating the barriers to business activities in the region, some government leaders have questioned the appropriateness of adopting a more people-centric policy framework. Accordingly, APEC members have displayed a "paralyzing caution" when discussing politically sensitive topics such as the rights of workers with respect to wages and other benefits, as well as the free movement of people within the region (Aggarwal and Govella, 2013; Hsieh, 2013; Ravenhill, 2013).

Furthermore, the adoption of an across-the-board human security framework violates the very basic tenet of non-interference enshrined in the ASEAN Constitution (Nishikawa, 2009; Emmers, 2010, 2012; Caballero-Anthony, 2012). The idea of protecting individuals and communities from traditional and non-traditional security threats emanating both outside and within their respective countries entails an arbitrary interpretation and application of the non-intervention principle. Hence, APEC's official

[126] Ibid.
[127] For the full original texts of the Declarations from 2011 to 2014, see APEC's official website, available online at http://www.apec.org/Meeting-Papers/Leaders-Declarations.aspx.

statement on human security stresses the term "trans-boundary" as opposed to "internal" when referring to threats to people and societies that need to be contained.[128]

Another important dimension that prevents the effective linking of human security issues and free trade matters in APEC relates to the lack of proper dialogue between APEC leaders, on the one hand, and other relevant non-state actors such as international NGOs, on the other. As Ravenhill (2013) points out, the relationship between APEC and the NGOs has been adversarial at best. Various NGOs have voiced out their strong opposition to the organisation's indiscriminate pursuit of trade liberalisation, denouncing its "APEC is all about business" mantra as antipodal to basic human rights and environmental concerns (Doucet, 2001; Ravenhill, 2013). The method adopted by APEC members for dealing with human security issues is limited to the consolidation and endorsement of best practices through a variety of voluntary and non-binding action plans (Evans, 2009; Peou, 2009; Lee, 2013; Ravenhill, 2013). To this extent, it may be argued that APEC's efforts toward linking human security interests and free trade agendas are a lip service to the cause.

Overall, although both the traditional, state-centric and non-traditional, human-centric issues have brought a new dimension to the APEC mission and vision statements. However, the organisation has remained largely committed to its original mandate to ensure the smooth operations of economic activities in the Asia-Pacific. Hence, regardless of whether APEC would fully embrace these issue linkages or not – to either appease its nervous members or maintain its relevance in the region – the primary thrust of the "APEC Way" is economic integration within a secure trading environment.

3.3.2 The ASEAN Way of linking security and trade

A key feature of the ASEAN Way is the organisation's conservative attitude toward formal institutionalisation, which may be indicative of the members' penchant for avoiding "excessive institutionalisation" (Acharya 1997: 184). While the Western brand of diplomacy is defined by binding agreements that require formalistic solutions and legalistic procedures, the Asian approach to diplomacy is driven by non-binding ground rules of informality, inclusivity and consensus (Solidum 1981; Pomfret, 1996 Acharya, 1997). The so-called "ASEAN Way" has inspired some observers to invent various terms that highlight the organisation's lack of binding commitments: "organisational

[128] For the full original text of APEC' human security definition, see APEC's official website, available online at http://www.apec.org/About-Us/About-APEC/Fact-Sheets/Human-Security.aspx

minimalism"; "soft regionalism" or "soft dialogue"; and "thin institutionalism" (Capie and Evans, 2007: 10). The ASEAN members' preference for "sports shirt diplomacy" over "business shirt diplomacy" suggests that the ASEAN is not like the EU or any other European institution that was established after the Second World War (Razak, in Haas and Rowe, 1973: 504).

As mentioned earlier, the EU has adopted the Copenhagen criteria – comprised of democracy, the rule of law, human rights and economic liberalism, among others – for evaluating a country's application for accession. It then translated these values into political clauses that were annexed to its trade agreements. The Southeast Asian region, however, is characterised by diverse politico-economic and socio-cultural conditions that make the prospect of arriving at a unified political entity highly unlikely. Furthermore, the "sovereignty-enhancing" feature of the ASEAN has resulted in the development of institutional norms that emphasise a principle of non-interference in the domestic affairs of individual members, thereby effectively undermining meaningful attempts at embedding non-traditional security interests within its political and economic agendas. Highly contentious human security issues that result in heated arguments and severe disputes among members are hastily dropped from the agenda without proper evaluation (Caballero-Anthony, 2005, 2012; Nishikawa, 2009; Emmers, 2012, 2013).

The ASEAN formation in 1967 immediately came after the Indonesian–Malaysian Confrontation or *Konfrontasi*, which took place between 1962 and 1966.[129] The undeclared guerrilla war led by Indonesia's former President Sukarno was directed against the creation of a Malaysian Federation comprised of West Malaysia, East Malaysia and Singapore. It ended in the removal of President Sukarno from office through a military coup. The events of *Konfrontasi* created a sense of vulnerability and mistrust among Southeast Asian leaders. Hence, the establishment of ASEAN can be interpreted as an extraordinary measure that was implemented by the member countries to secure the region's most critical security referent – that is, state sovereignty – against the existential threats "posed by subversion to stability, thus strengthening national and ASEAN resilience" (ASEAN, 1976).

Economic cooperation in the ASEAN context was geared toward enhancing self-sufficiency rather than encouraging interdependence among members (Aggarwal and Govella 2013). The high level of competition at producing similar commodities among

[129] For a more detailed history of ASEAN's formation, see ASEAN's official website available online at http://www.asean.org/asean/about-asean/history.

members signified artificial rather than natural economic complementarities (Ba, 2009; Chow, 2013). The 1977 ASEAN Preferential Trade Agreements (APTA) were adopted to intensify intra-regional trade on goods using positive lists.[130] Alongside various industrial cooperation initiatives employed to take advantage of the economies of scale[131] were examples of the artificial complementarities that had been administered to enhance political cohesion among members (Amer, 2013; Chow, 2013). In short, the primary objective was to ensure that a considerable level of political rather than economic integration existed among members. However, the ramifying communist threats from China and the former Soviet Union at that time had brought back some of the lingering traditional security threats which ASEAN members thought could not be effectively deterred by simply investing in regional economic cooperative measures such as trade liberalisation or other forms of industrial collaborations. Nonetheless, such measures had certainly helped lay down foundations for post-Cold War economic integration within the region (Amer et al., 2013; Chow, 2013; Koo, 2013; Pempel, 2013).

Furthermore, during the early stages of the ASEAN, the concept of human security was virtually non-existent. Consequently, when human security-related issues started to emerge – for instance, during the Soviet-aligned Vietnamese invasion of Cambodia in 1978, which was then followed by China's retaliatory attack on Vietnam – the ASEAN members viewed these series of events as threats to state rather than individual or communal security. The main existential threat from the ASEAN perspective was the rapid influx of Cambodian refugees into their respective borders and how they could potentially destabilise existing political, economic, social and cultural arrangements. For example, Thai leaders worried about the presence of Cambodian resistance fighters that might be moving along with the refugees coming into Thailand, whereas Singaporean and Malaysian officials feared the negative impact that Chinese refugees might have with respect to internal ethnic relations (Ganesan, 1999; Yahuda, 2006; Nesadurai, 2009). That Singapore's former Deputy Prime Minister Sinnathamby Rajaratnam labelled these refugees, particularly the Chinese, as ticking "human bombs" greatly emphasised ASEAN's belief in the principle of non-interference (Haacke, 2003; Chow, 2013). Such acts were hardly surprising given that the idea of a Cold War-inspired

[130] For more details on the APTA, see ASEAN's official website, available online at http://www.asean.org/communities/asean-economic-community/item/agreement-on-the-common-effective-preferential-tariff-cept-scheme-for-the-asean-free-trade-area-afta.

[131] Examples of these industrial cooperation initiatives are the ASEAN Industrial Projects (AIP, 1980); ASEAN Industrial Complementation (AIC, 1981); ASEAN Industrial Joint Ventures (AIJV, 1985); Brand to Brand Complementation (BBC, 1988).

ASEAN cooperation articulated in the 1976 Bali Concord was directed toward the pursuit of political stability. In this instance, development and social justice agendas were mere instruments for securing the state.[132]

However, the Soviet Union's collapse in 1991 had signalled the end of the Cold War that lasted for more than four decades. It paved the way for the emergence of a new security environment that significantly transformed the ASEAN's view of regional economic and politico-strategic cooperation. Parallel to Mikhail Gorbachev's *glasnost* (openness) vis-à-vis *perestroika* (restructuring), ASEAN leaders started to refocus their attention away from traditional security threats that dominated the previous bi-polar era to classical economic considerations anchored in free trade. Several key factors had contributed to the reconfiguration of the ASEAN Way. The first one relates to the deteriorating influence of the economic nationalists over national policymaking procedures due to the slow recovery of key ASEAN members from the 1985/86 economic recessions (Buszynski, 1992; Nesadurai, 2009; Chin and Stubbs, 2010).

For example, Indonesia and Malaysia began opening their doors to embrace neoliberal economic thinking that emphasised openness and restructuring of the domestic markets. The second one has to do with the investment-diversion threat to various ASEAN members of China's exorbitant economic growth fuelled by Deng Xioping's reform programs (Chin and Stubbs, 2010; Lakatos and Walmsley, 2012; Chow, 2013). Third, and perhaps the most important, the results of GATT Uruguay Round negotiations sent a clear message to ASEAN leaders that a rush to freer and deeper trade liberalisation was the only way toward a successful recovery (Chin and Stubbs, 2010; Chow, 2013).

In response to these new developments, ASEAN members formed the ASEAN Free Trade Area (AFTA) in 1992, which replaced the old APTA. AFTA members have made significant contributions to the reduction of intra-regional tariffs by adopting the so-called Common Effective Preferential Tariff (CEPT) Scheme. As of 2014, more than 99 percent of products in the CEPT Inclusion List (IL) of the ASEAN-six – Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand – have already been brought down to a 0-5 percent tariff range.[133] Meanwhile, the newer ASEAN members – Cambodia, Laos, Myanmar and Vietnam – are also not very far behind

[132] For the full copy of the Bali Concord, see ASEAN's official website, available online at http://www.asean.org/news/item/declaration-of-asean-concord-ii-bali-concord-ii.

[133] For more details on the CEPT, see ASEAN's official website, available online at http://www.asean.org/communities/asean-economic-community/item/agreement-on-the-common-effective-preferential-tariff-cept-scheme-for-the-asean-free-trade-area-afta.

implementing their CEPT commitments. Almost 80 percent of their products have already been moved into their respective CEPT Inclusion Lists.[134] Interestingly, even the 1997/98 financial crisis did not persuade the ASEAN governments to undo the trade liberalisation process. On the contrary, it acted as a stimulus for speeding up regional economic integration in efforts to recover and retain the forgone FDIs (Dent, 2006; Pempel, 2013).

Therefore, the post-Cold War era has stirred ASEAN members to re-evaluate the organisation's main thrust and begin highlighting the importance of forging greater economic cooperation via greater free trade. However, unlike their EU counterparts that have successfully embedded both traditional and non-traditional security issues into their trade agendas, ASEAN nations continue to treat security and economics as two separate realms. This can be partly explained by the intrinsic nature of the ASEAN's institutional framework, which emphasises the primacy of sovereignty and territorial integrity. In addition, the region's heavy reliance on agricultural exports along with its competitive labour sectors justifies the leaders' opposition against plans to further expand ASEAN's agenda to encompass a wide array of non-trade matters such as human rights, labour and environmental practices (Nishikawa, 2009; Chow, 2013; Howe, 2013). ASEAN leaders have pointed that "these issues should not be used as conditionality for aid and development financing," otherwise "ASEAN cannot but view it as added conditionality and protectionism by other means" (ASEAN 1991). As explicitly stated in the 1991 Joint Communiqué of the ASEAN Ministerial Meeting:

> The Foreign Ministers exchanged views on the issue of human rights and noted with concern its tendentious application in inter-state relations. They agreed that while human rights is universal in character, implementation in the national context should remain within the competence and responsibility of each country, having regard for the complex variety of economic, social and cultural realities. They emphasised that the international application of human rights be neither narrow and selective nor should it violate the sovereignty of nations.[135]

[134] Ibid.

[135] For the full copy of the Joint Communique of the twenty-fourth ASEAN Ministerial Meeting, see ASEAN's official website, available online at http://www.asean.org/communities/asean-political-security-community/item/joint-communique-of-the-twenty-fourth-asean-ministerial-meeting-kuala-lumpur-19-20-july-1991.

Not surprisingly, earlier initiatives for linking security issues with AFTA suffered outright rejection from some members, blocking representations from business and non-government sectors that were actively campaigning for their inclusion in the ASEAN agenda. The West, particularly the US under the former Clinton administration had aggressively campaigned for the incorporation of environmental and labour protection issues within the FTAs (Aggarwal, 2013; Ahnlid, 2013). Given that trade liberalisation cannot proceed without necessary domestic support, the former US Trade Representative Charlene Barshefsky had argued that such support could only be possible if the concerns of the working class were seriously addressed to show that trade was the right path to grassroots prosperity (WTO, 1996).

From the US standpoint, there was an obvious substantive connection between these non-traditional issues and free trade. For ASEAN members, such linkages were purely tactical and could only lead to volatile issue areas that restrain cooperation at the multilateral level (Aggarwal, 2013; Chow, 2013). The disinclination of ASEAN members to link non-traditional security issues and trade agreements underscores what Jurgen Haacke (2003: 1) calls the "collective understandings and interpretations of a shared normative terrain" comprised of six norms: (i) sovereign equality; (ii) non-recourse to the use of force and the peaceful settlement of conflict; (iii) non-interference and non-intervention; (iv) non-involvement of ASEAN to address unresolved bilateral conflict between members; (v) quiet diplomacy; and (vi) mutual respect and tolerance.

For instance, with respect to human rights, ASEAN members were unanimous in their decision to not incorporate these issues into their trade policy agendas. Instead, the organisation has invoked its right to implement an alternative set of societal norms and behaviours espoused by some successful Asian economies and collectively known as the "Asian Values" (Haacke, 2003; Tan, 2011; Davis, 2013; Roberts, 2013). However, while Indonesia, Malaysia and Singapore openly criticised America's "universalist" approach, Thailand and the Philippines were less antagonistic to human rights and democratisation principles given the Thais' un-colonised past and the Filipinos' decentralised democratic government. Amid such differences among members, compromises were made to achieve an ASEAN consensus.

Meanwhile, in the case of labour, ASEAN members particularly Indonesia, Malaysia and Singapore viewed their incorporation into trade agreements as substitutes for protectionist measures that had been previously abolished (Mah, 1998; Chow, 2013). As Malaysia's former Minister of International Trade and Industry, Rafidah Aziz put it:

> WTO and the Secretariat [must] give due priority to the existing work before them and not to be preoccupied with the new issues being introduced by interested parties. The WTO cannot be regarded as a multipurpose organisation that can be called upon to debate and address the range of social issues affecting Members, and the various social ills of the world.[136]

Concerning environmental protection, ASEAN members did acknowledge the substantive connection between sustained economic growth and effective management of environmental issues. The 1994-1998 Strategic Plan of Action on the Environment aimed at assessing the impact of AFTA on the environment and implementing initiatives that "integrate sound trade policies with sound environmental policies." [137] The 2007 ASEAN Declaration on Environmental Sustainability, which underlined the reality of global warming, further supplemented this.[138] Nevertheless, ASEAN members had strongly argued that solving environmental problems should not lead to the imposition of new barriers to trade, investment and socio-economic initiatives (Elliott, 2012; Koh, 2012; Sasaoka, 2014).

Thus, before the creation of the ASEAN Community, member countries had been highly sceptical about linking non-traditional security issues and free trade matters as a part of their agenda. Such attempts had been dismissed as mere tactical strategies by the rich and powerful countries that aimed to develop further their comparative advantages by imposing additional burdens on the rest of the developing world. The reverse approach of "de-linking" security and trade was partly the result of the organisation's elite type of management and the huge pressure that drives its leaders to arrive at a consensus (Chow, 2013: 78).

Nevertheless, the continued pursuit of ASEAN members for deeper regional economic integration in the twenty-first century has posed significant challenges to the ASEAN Way. The emergence of new threats has gradually transformed the ASEAN's practice of strictly separating non-traditional security issues from its free trade activities. The Bali Concord issued by the ASEAN members in 2003 finally acknowledged the fundamental link between security and economics by stating that, "sustainable economic

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[136] For the full copy of the Statement by Dato' Seri Rafidah Aziz, see WTO's official website, available online at http://www.wto.org/english/thewto_e/minist_e/min96_e/st64.htm.

[137] For the full original copy of the Strategic Plan of Action on the Environment, see ASEAN's official website, available online http://environment.asean.org/.

[138] For the full original copy of the ASEAN Declaration on Environmental Sustainability, see ASEAN's official website, available online http://www.asean.org/news/item/asean-declaration-on-environmental-sustainability.

development requires a secure political environment based on a strong foundation of mutual interests generated by economic cooperation and political solidarity."[139]

Following this accord, ASEAN members agreed to establish an ASEAN Community constituted of three interconnected and mutually reinforcing pillars, namely: the ASEAN Political and Security Community (APSC); the ASEAN Economic Community (AEC); and the ASEAN Socio-Cultural Community (ASCC).[140] The APSC is mandated to "ensure that countries in the region live at peace with one another and with the world in a just, democratic and harmonious environment."[141] Meanwhile, the AEC represents the materialisation of the "end-goal of economic integration as outlined in the ASEAN Vision 2020: a single market and production base; a highly competitive economic region; a region of equitable economic development; and a region fully integrated into the global economy."[142] Finally, the ASCC "seeks to forge a common identity and build a caring and sharing society that is inclusive and where the well-being, livelihood, and welfare of the peoples are enhanced."[143] As a whole, the ASEAN Community is envisioned to ensure durable peace, stability and shared prosperity in the region.

The development of the ASEAN Community represents a remarkable paradigm shift on the part of ASEAN leaders as it signals the emergence of a people-centred ASEAN where non-traditional, human security issues can now be openly discussed and properly managed. Furthermore, the adoption of the ASEAN Charter in 2007 has transformed the organisation from a loose regional grouping into a rules-based institution that possesses an independent legal personality with legally binding agreements.[144] Yet, despite advances made, the ASEAN's predilection toward its non-negotiable principles of non-interference and non-intervention implies that in practice, members might still be inclined to treat security and trade as if they were two unrelated

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[139] For the full original copy of the 2003 Bali Concord, see ASEAN's official website, available online at http://www.asean.org/news/asean-statement-communiques/item/declaration-of-asean-concord-ii-bali-concord-ii-3.

[140] For more details on the ASEAN Community and its three specific pillars, see ASEAN's official website, available online at http://www.asean.org/asean/asean-structure/asean-community-councils#.

[141] For specific details on the ASEAN Political and Security Community, see ASEAN's official website, available online at http://www.asean.org/communities/asean-political-security-community.

[142] For specific details on the ASEAN Economic Community, see ASEAN's official website, available online at http://www.asean.org/communities/asean-economic-community

[143] For specific details on the ASEAN Socio – Cultural Community, see ASEAN's official website, available online at
http://www.asean.org/communities/asean-socio-cultural-community

[144] For the full original copy of ASEAN Charter, see ASEAN's official website, available online at http://www.asean.org/asean/asean-charter/asean-charter

spheres, thereby preventing their full co-habitation. Not surprisingly, the creation of the ASEAN Intergovernmental Commission on Human Rights (AICHR)[145] in 2009 – responsible for the release of the organisation's Human Rights Declaration[146] – had met a lot of criticism not only from sceptics but also from the human rights activists themselves, calling it a hollow promotional tool void of any effective power to reprimand and punish an abusive member (Tan, 2011; Chow, 2013; Davis, 2013; Roberts, 2013).

Overall, ASEAN members have displayed limited interest in linking security issues, especially the non-traditional ones, into their free trade activities. Regional economic cooperation has always been subordinated to the overarching goal of preserving political stability (Haacke, 2003; Aggarwal and Govella, 2013; Chow, 2013). Nonetheless, the post-Cold War era has significantly transformed the organisation's pessimistic view toward incorporating the human security concept into its agenda. In spite of the relative weakness of the organisation's compliance mechanisms, the fact that some of the prevailing non-traditional security issues are now embedded in the regional agenda underscores the progress that it is currently making with respect to these linkages.

However, Southeast Asia's pursuit of regional integration faces a crucial paradox – ASEAN regional unity requires both deference to the principles of non-interference and non-intervention, on the one hand, and the continuous growth of economic and political convergence, on the other (Caballero-Anthony, 2012; Emmers, 2012; Chow, 2013). The tension that arises from such a contradiction limits the breadth and depth of ASEAN integration. Without the necessary shift toward the ASEAN leaders and policymakers' interpretations of the effects of issue linkages on political stability, both internal and external, their governments will continue to treat human security and free trade as two distinct problems (Aggarwal and Govella 2013; Chow 2013).

3.4 CONCLUSIONS

This chapter has provided an overview of East Asian security-trade linkages at the regional level by examining the evolving agendas of both APEC and ASEAN. To do so, I explored the key factors that have come to shape these general linkages. I argued that

[145] For the full original copy of the ASEAN Intergovernmental Commission on Human Rights, see ASEAN's official website, available online at http://www.asean.org/communities/asean-political-security-community/category/asean-intergovernmental-commission-on-human-rights-aichr

[146] For the full original copy of the ASEAN Human Rights Declaration, see ASEAN's official website, available online at http://www.asean.org/news/asean-statement-communiques/item/asean-human-rights-declaration

the changing views toward free trade; the lethargic multilateral trade forum; the rush to preferential FTAs; the Asian crisis' contagion effect; and the need for strategic diplomacy, are all crucial to the analysis of the political economy of East Asian linkages in the twenty-first century.

The examination of regional security-trade linkages both in the APEC and ASEAN contexts underlines critical insights regarding the types of security issues that are being incorporated into their respective trade policy agendas. On the one hand, APEC's humanist linking strategy focuses on the non-traditional, economic motives, and on the other, ASEAN's statist linking approach focuses on traditional, politico-strategic motives. However, the shifting geopolitical, geo-economic, and geo-strategic landscapes have compelled APEC and ASEAN members to expand their respective agendas to maintain their relevance in the region. As discussed in this chapter, such an expansion is not easy for any institution that has exhibited some signs of "institutional sclerosis" (Olson, 1982; Bischoff, 2007; Tow, 2009).

Both APEC and ASEAN have shown a considerable degree of difficulty "reforming structures and practices that explicitly confer relative benefits and prerogatives to particular members," despite their relative adeptness at "acquiring new areas of responsibility, and in developing new mechanisms for coordination and information-sharing" (Tow, 2009: 51). This is particularly true for members which have acquired relatively powerful positions since the onset, and therefore, are sceptical about the proposed reforms that threaten to undermine their privileges even though they are necessary for preserving the relevance of these institutions amid a changing milieu (Tow, 2009; Kappel, 2011; Postel-Vinay, 2011). Often, these relatively more powerful members are threatened by rising rival powers. To mitigate their insecurities, they rely on the structural power that emanates from their privileged status within the institutions to sustain their gradually diminishing influence (Tellis and Wills, 2006; Nolte, 2011).

Indeed, balancing between the old and new agendas proved a delicate process for APEC and ASEAN given their members' predilection toward certain norm-based procedures such as informality, inclusivity and consensus, and reverence for principles of non-interference and non-intervention. In the end, it is hard to look beyond the popular notion that the efforts being made by APEC and ASEAN toward the linking of statist and humanist security issues into regional free trade agendas are nothing but a token gesture on the part of the member governments. Nevertheless, the twenty-first century has brought along significant changes in existing global and regional arrangements that

have altered the institutions' approach toward different security issues especially those that relate to the non-traditional human security. Despite the shortcomings of APEC and ASEAN's compliance mechanisms or even the lack of them in some issue areas, the fact that both traditional and non-traditional security issues are now being discussed in terms of trade underlines the ongoing progress toward East Asian linkages. These are practical indications that the security-trade linking process is alive and dynamic today.

Chapter 4

TRADING IN SHADOWS: TAIWAN'S STATIST SECURITY-TRADE LINKAGES

4.1 INTRODUCTION

Given the ubiquitous "China factor" shrouding the international system, one of the primary referents of Taiwan's national security is its diminishing sovereign space. The term sovereign space in this context particularly refers to Taiwan's de facto domestic and interdependence sovereignty, as opposed to any de jure international legal sovereignty.[147] As Stephen Krasner (2009) has succinctly put it, sovereignty is "the golden ring that political leaders hope to grasp." However, the complexities surrounding politico-diplomatic relations between the ROC and the PRC prevent the former from claiming de jure sovereignty.[148] This results in the continued non-diplomatic recognition of Taiwan as a legitimate state in the international arena. Consequently, Taiwan is forced to resign itself to the vulnerabilities and vicissitudes stemming from its insecure and incomplete sovereignty, which continuously contracts as China's "sinicisation"[149] project progresses.

In an attempt to prevent the complete co-optation of Taiwan within Beijing's One-China trajectory - and therefore, the complete obsolescence of its de facto sovereignty, the chapter argues that Taiwanese officials and policymakers are increasingly turning to various forms of free trade activities.[150] Taiwan's experience with free trade underlines the complementary roles of multilateral and preferential trade agreements in preserving and enhancing its sovereign space. For instance, when Taiwan was barred from the General Agreements on Tariffs and Trade (GATT),[151] its bilateral trade with the US ensured that the country's trade regime was complementary to the existing multilateral framework. Conversely, when tensions across the Taiwan Strait escalated, the

[147] Stephen Krasner (2001) defines domestic sovereignty as the actual control over a state exercised by an authority organised within this state; interdependence sovereignty as the actual control of movement across state's borders, assuming that the borders exist; and international legal sovereignty as formal recognition by other sovereign states. See also, Rich (2009); Thompson (2006); Kingsbury (1998); Clapham (1998); and Jackson (1990) for a more detailed analysis of different types and degrees of sovereignty.

[148] The names 'Taiwan' and 'Republic of China (ROC) are used interchangeably in this chapter, as with 'China' and 'People's Republic of China (PRC).

[149] Sinicisation or Chinalisation in this context refers to the policies of acculturation, assimilation, or cultural imperialism of neighbouring cultures, specifically Taiwan, to China.

[150] Appendix 2 provides an up-to-date list of Taiwanese FTAs.

[151] Formed in 1947 and signed into international law on January 1, 1948, the GATT remained one of the focal features of international trade agreements until it was replaced by the creation of the World Trade Organization on January 1, 1995. For more details, see the WTO website, available online at http://www.wto.org/.

WTO served as an avenue for reconnecting Taiwan and China (Hsieh, 2005, 2011; Huang, 2009).

However, these two types of free trade agreements engender unique power dynamics. At the bilateral level, for instance, between the US and Taiwan or China and Taiwan – Taipei is unable to adopt a more assertive strategy with respect to Washington and Beijing (Bhagwati, 1990, 1991; Collie, 1997; Huang, 2009). Meanwhile, at the multilateral level, specifically within the WTO, smaller and weaker countries like Taiwan are able to forge strategic coalitions that enhance their collective bargaining power in a way that is crucial during negotiation processes (Cho, 2005; Hsieh 2005; Charnovitz, 2006; Huang, 2009). Hence, Taiwan's active participation in both bilateral and multilateral trade is necessary for the enhancement of its de facto sovereignty. To this extent, free trade may be viewed as a sovereignty-upgrading mechanism. However, the ongoing sinicisation project carried out by Beijing through the aggressive promotion of its One-China policy significantly undermines Taiwan's capacity for engaging in these sovereignty-enhancing FTAs.

Accordingly, proper attention must also be given to Taiwan's domestic politics, which is characterised by a condition that is akin to the prisoner's dilemma. Taiwanese officials and policymakers themselves have largely contributed to the perpetuation of Taiwan's politico-diplomatic "imprisonment" within the ever-progressing sinicisation project. An underlying assumption is that the preservation of the cross-strait status quo continues to imprison ROC within the PRC's One-China trajectory. At the heart of the problem lie the uncertainties about the real impact of cross-strait economic relations on Taiwan's de facto sovereignty. On the one hand, the ruling Kuomintang (KMT) Party believes that in order to protect Taiwan's remaining political freedom the government must facilitate closer economic cooperation with China (Lee, 2010; Wang et al., 2010; Zhao and Liu, 2010; Chow, 2011). On the other, the major oppositionist group, the Democratic Progress Party (DPP), argues that such strategy inevitably pulls Taiwan toward political unification with China (Clark and Tan, 2010, 2012; Rigger, 2010; Hsieh, 2011).

Meanwhile, from the point of view of non-state actors – from the elite business sectors worrying about their profits, to grassroots societies fearing for their jobs – revisionist policies are welfare-threatening. As such, political parties promoting an extreme approach to managing cross-strait relations in ways that subvert the status quo are at risk of losing an electoral support base (Kastner, 2006, 2013; Clark and Tan, 2010,

2012). Consequently, Taiwanese parties tend to veer away from the debates and dialogues that require them to give direct comments about Taiwan's de jure independence. Instead, a watered-down version of cross-strait rhetoric stripped of One-China or "Two Chinas" undertone is much more preferred. However, by doing so, Taiwan is perpetually caught within Chinese politico-diplomatic confinements.

This chapter critically analyses Taiwan's use of free trade to secure and enhance its de facto sovereignty amid the presence of a cross-strait dilemma engendered by One-China constraints. These sections explore the different facets of the existing cross-strait dilemma vis-à-vis the preservation of the country's de facto sovereignty in the twenty-first century. Taiwan's unique geopolitical status forces its leaders to resign themselves to the instability surrounding the cross-strait environment in the hope of preserving their leftover sovereign space that underpins their de facto autonomy. Put differently, the only way for Taiwan to be de facto free is by remaining de jure "unfree."

However, as mentioned earlier, this type of engagement approach engenders a prisoner's dilemma that compels Taiwan's state managers to balance their geo-political strategies with their geo-economic interests. Therefore, the Taiwanese dilemma is two-directional. On the one hand, recalibrating the current arrangement by promoting either political unification or de jure independence invariably reduces Taiwan's sovereign space given China's aggressive promotion of the One-China policy. On the other, pursuing either "warm" or "cold" economic relations with China also inevitably results in shrinking sovereign space given the potential for overdependence. Either way, the Chinese-dominated cross-strait status quo is perpetuated and further legitimised.

In light of this, I attempt to answer the following sets of questions. First, why does Taiwan link its statist security interests with its free trade activities? Given the existing One-China factor, how does free trade (at bilateral, minilateral and multilateral levels) affect Taiwan's remaining de facto sovereign space? Second, why does de facto sovereignty seem to be more conducive to Taiwan's politico-economic diplomacy as opposed to de jure sovereignty? What are the implications for Taiwan's domestic politics? Moreover, third, what are the factors that limit the capacity of free trade for securing and enhancing Taiwan's de facto sovereign space? How do they influence its cross-strait security dilemma?

Plan of the chapter

The chapter is divided into six sections. In Section 4.1, I have provided the context through which Taiwan's statist security-trade linkages in the twenty-first century will be examined. I have argued that against the backdrop of omnipresent China factor, one of the primary referents of Taiwan's national security is its diminishing de facto sovereign space. When preserving Taiwan's remaining sovereignty, the Taiwanese government actively participates in various multilateral and bilateral (and to a much lesser extent, minilateral) free trade activities. However, the island's inevitable economic entanglements with the Mainland have generated a condition similar to the prisoner's dilemma that forces Taiwanese officials to preserve the Chinese-dominated cross-strait status quo.

In Section 4.2, I briefly examine Taiwan's politico-diplomatic history by tracing the roots of its quasi-sovereign status, which in turn drives the island's relentless battle for international recognition. I provide preliminary insights about the importance of economic engagements, mainly via free trade. This is within the context of Taiwan eking out a wider space for participation in international politics, despite its non-formal recognition as a sovereign state.

In Section 4.3, I discuss the results of the key informant interviews (KIIs) conducted with Taiwanese officials as part of research fieldwork. The objective is to provide a general understanding of why Taiwan's statist security interests and trade activities are linked together, and how these linkages influence the political and economic engagement strategies of Taipei, with respect to Beijing. The interviews have focused on three main aspects of Taiwan's security-trade nexus: (i) its national securities policy and strategies; (ii) its free trade activities and agreements; and (iii) the relationships between these two variables. These dialogues are crucial to determining discrepancies (if any) between the Taiwanese government's rhetoric and action, on the one hand, and state and non-state perceptions, on the other.

In Section 4.4, I evaluate the impacts of Taiwan's free trade activities on its overall level of de facto sovereign space. First, I analyse the role of multilateral trade with respect to Taiwan's capacity for strengthening its politico-diplomatic presence at the global scale. Then second, I examine the role of preferential trade with respect to the island's capability for improving its politico-diplomatic ties at the regional level.

In Section 4.5, I identify some of the key factors affecting the utility of FTAs for securing and enhancing Taiwan's remaining de facto sovereignty. I analyse the internal (domestic politics) and external (engagement strategy) factors that restrict the

sovereignty-upgrading capacity of Taiwan's FTAs. The objective is to find out the potential consequences and ramifications of these factors on Taiwan's statist security-trade linking efforts and from there, evaluate the country's capacity for escaping from China's politico-diplomatic entrapment. In doing so, I explain why de facto sovereignty is deemed more favourable than de jure sovereignty when enhancing Taiwan's external security.

Finally, in Section 4.6, I conclude by arguing that the warming of cross-strait relations is reminiscent of the old story about the frog being frayed with warm water. The normalisation of cross-strait relations without the legal recognition of Taiwanese sovereignty inexorably absorbs the island within the Mainland's One-China trajectory, thereby placing it under what appears to be a perpetual sovereignty dilemma. Diminishing political frictions across the Taiwan Strait have the paradoxical effect of further reducing the available political and diplomatic options for Taiwan, including its quest for de jure independence. In other words, greater cross-strait rapprochement ironically leads to lesser de facto autonomy for Taiwan.

Such a scenario is aggravated by the Taiwanese government's lack of political freedom, if not will, to cancel existing economic engagements, even when Beijing's behaviour continues to violate prior conditions. Neither major political party in Taiwan is interested in adopting policies that can potentially destabilise the "normal" conduct of cross-strait relations. On the one hand, a highly China-centric approach is criticised by citizens who denounce political unification with the Mainland. On the other, various groups that would like to exploit the economic opportunities being offered by Beijing condemn an extremely nationalistic approach. Such a dilemma inevitably leads to calls for the "normalisation" of cross-strait relations, even at the expense of Taiwan's de jure sovereignty.

4.2 THE GENESIS OF TAIWAN'S SOVEREIGNTY DILEMMA

Analysing Taiwan's cross-strait engagement policies and strategies requires an understanding of significant events that took place after the Second World War. Washington and Beijing's important decisions about Taipei's international status significantly influenced its statehood as a "floating" de facto sovereign territory. Japan's defeat in World War II (WWII) left Taiwan under the temporary leadership of the Republic of China – Kuomintang (KMT) party (Hsieh, 2005; 2011; Huang, 2009; Rich, 2009). Strong support provided initially by the US in the aftermath of WWII enabled

Taiwan's accession to the United Nations (UN), becoming of one of its founding members (Huang, 2009). In 1945, Taiwan was granted a permanent seat on the United Nations Security Council (UNSC) and two years later it became a GATT contracting party while still in control of Mainland China (Hsieh, 2005, 2011; Huang, 2009).

The ensuing political crises and social unrests, however, had drastically transformed this status quo when the KMT was defeated by the Communist Party of China (CPC) in 1949 (Hsieh, 2005, 2011; Huang, 2009; Rich, 2009). This forced the KMT to relocate its government in Taiwan and revoke its GATT membership in the following year. On 8th September 1951, Japan officially renounced its rights to Taiwan under the San Francisco Peace Treaty without formally endorsing a party successor (Huang, 2009). Although the KMT and CCP had both agreed that Taiwan was part of the Mainland, however, both parties also claimed legitimate authority over the whole China.

Fearing that a CPC-led China might further reinvigorate communist sentiments in the region, the US intervened by pressuring Japan to enact another treaty with the KMT (Huang, 2009). In April of 1952, Japan and Taiwan signed a new agreement known as the Treaty of Peace between ROC and Japan, which effectively undermined CPC's claims.[152] Upon the treaty's ratification, Taiwan was immediately absorbed within the United States' anti-communist regional alliance in the Asia-Pacific. Taiwan enjoyed a number of valuable concessions as a member of this elite circle, including economic aid as well as political and diplomatic support from 1950 until the mid-1960s. In 1967, Taiwan re-joined the GATT after obtaining observer status (Huang, 2009).

However, in the late 1960s American foreign policy took a dramatic turn as it began to consider the inclusion of the communist PRC into its anti-Soviet coalition (Huang, 2009). This bargaining with China had produced three joint communiqués which sealed the fate of Taiwan as a "non-existing" state, namely: (i) the Shanghai Communiqué of 1972; (ii) the Normalisation Communiqué of 1979; and (iii) the Arms Sales Communiqué of 1982.[153] These three separate communiqués had one underlying

[152] For a full copy of the document, see the Taiwan's Document Project's website, available online at http://www.taiwandocuments.org/taipei01.htm.

[153] For a full copy of the 'Joint Statement Following Discussions with Leaders of the People's Republic of China,' see United States Department of State's Office of the Historian, available online at, http://history.state.gov/historicaldocuments/frus1969-76v17/d203. For a full copy of the 'Joint Communiqué on the Establishment of Diplomatic Relations', see Taiwan's Document Project website, available online at http://www.taiwandocuments.org/communique02.htm. For a full copy of the 'Communiqué on Arms Sales to Taiwan', see the Taiwan's Document Project's website, available online at http://www.taiwandocuments.org/communique03.htm.

theme: that is, a "One-China" policy, which the US had to recognise in exchange for China's support (Huang, 2009; Lee, 2010; Wang et al., 2010). Consequently, the PRC took over the ROC's seat in the UN in 1971, forcing the latter to withdraw again from the GATT during the same year (Huang, 2009).

With the recognition of the PRC as the seat of Chinese government, the US had to terminate its diplomatic relations with Taiwan, which gave birth to Taiwan's Relations Act of 1979.[154] The said Act had formally denounced Taiwan's bid for independence by officially endorsing a position that there was but one China and that Taiwan was a part of China. Nonetheless, the said document had also underscored America's intention of maintaining its strong but unofficial relations with the island as a means of promoting peace and stability in the Asia-Pacific. This new mandate required the establishment of the American Institute in Taiwan (AIT), a non-profit corporation responsible for handling official policy-related dialogues and exchanges between the US and the ROC.[155] Responding to this, in 1979 Taipei instituted its counterpart to the AIT, the Coordination Council for North American Affairs (CCNA) under the purview of the Ministry of Foreign Affairs (Huang, 2009). The said body handled the administration and coordination of bilateral matters between the two countries. Although these "unofficial" economic and politico-strategic exchanges had redefined the US-Taiwan diplomatic relations, the other states decided to formally end their diplomatic ties with Taipei. By 2013, the number of its political allies had shrunk to 22.[156]

Given the ROC's significantly reduced political clout, economic engagements – particularly via free trade – have become a crucial element of Taiwan's strategy for carving out a wider space in the global setting amid the insecurities and uncertainties induced by its sudden demotion in international diplomacy.

[154] For a full copy of the document, see American Institute in Taiwan's website, available online at http://www.ait.org.tw/en/taiwan-relations-act.html.
[155] For more details, see American Institute in Taiwan's website, available online at http://www.ait.org.tw/en/.
[156] For the complete list of Taiwan's official diplomatic partners, see Executive Yuan's website, available online at http://www.ey.gov.tw/en/cp.aspx?n=59750F1C600BAD33.

4.3 TAIWAN'S SECURITY-TRADE NEXUS: VIEWS FROM THE TOP

Table 3: Summary of key informant interviews in Taiwan [157]

	On National Security	On Free Trade	On Security-Trade Nexus
Taiwan WTO and RTA Center *Dr. Roy Chun Lee* (Deputy Director)	Three 'Ds' in cross-strait relations (distrust, disengagement, distance) threaten national security	Trade is both politically and economically motivated	Free trade agreements must promote peace with China, integration with the US, and friendship with Japan
Chung-Hua Institution for Economic Research (CIER) *Ms. Kristy Hsu* (Associate Research Fellow)	Economic insecurity is a threat to national security	Trade is key to 'normalization' of cross-strait relations	Trade is tool for resolving Taiwan's excessive dependence on China
Democratic Progressive Party (DPP) *Dr. Tsai-Lung Hong* (Director of Department of China Affairs)	Free trade agreements must promote peace with China, integration with the US, and friendship with Japan	International trade is a national security issue that can be more effectively addressed through WTO than regional/transregional FTAs	The One-China policy is both an impetus and a constraint for Taiwan's trade diplomacy agendas

4.3.1 On Taiwan's national security

Three key points have emerged from the discussions concerning Taiwan's national security: the cause of insecurity; the effect of insecurity; and the goal of security. Before 2008, Taiwan adopted some politically sensitive programs that deviated from the general principles of the One-China policy. Psychological barriers resulting in mutual distrust and disengagement aggravated the segregating effect of physical distance between Taiwan and China. These three "Ds" – distance, distrust and disengagement – had significantly contributed to the paranoia experienced by both the Taiwanese and Chinese officials due to behavioural uncertainties emanating from both sides of the strait. This mutual paranoia and suspicion have had tremendous influence on the PRC's attitude toward the ROC's economic activities, which the former considers a means of fortifying the latter's claims to sovereignty. As Roy Chun Lee pointed out:

[157] Taiwanese representatives from three different sectors participated in interviews to provide comments and insights on Taiwan's security-trade nexus in the twenty-first century. The selected participants are all practitioners and experts in their respective fields, and while their views do not necessarily encapsulate the whole gamut of arguments, nevertheless, they are crucial for painting a more general understanding of Taiwan's security-trade linking efforts. They are the following: (i) Dr. Roy Chun Lee, Deputy Director at Taiwan WTO and RTA Center; (ii) Ms. Kristy Hsu, Associate Research Fellow at Chung-Hua Institution for Economic Research (CIER); and (iii) Dr. Tsai-Lung Hong, Director of Department of China Affairs at DPP or Democratic Progressive Party. In the first part of the interviews, the participants discussed their general views on the concept of national security in Taiwan. In the second part, they discussed this security concept in relation to the country's participation in various free trade activities. In the last part, the informants discussed the linkages between the country's security considerations and free trade objectives. This section does not provide an in-depth analysis on each statement provided by the participants. The main arguments presented in this section are thoroughly discussed in Section 4 and Section 5. As mentioned, the main objective of this section is to present an overview of Taiwan's security interests and predicaments, on the one hand, and free trade initiatives and engagement strategies, on the other.

> The Taiwanese government believes that the country must enjoy its freedom to pursue regional economic integration with other countries. The Chinese government, however, felt that a dialogue with Taiwan will be a necessary preliminary step. While Taiwan argues that it is not obliged to seek for permission from China regarding this issue, nonetheless, it recognises the importance of accommodating the latter's concerns with respect to One-China policy. Taiwan, therefore, makes the case that its pursuit of preferential trade, for example, must not be interpreted as a rejection of One-China policy, and that the best way to prove this is to show by example. The idea of 'normalisation' of cross-strait relations is a non-political label that neither challenges nor accepts the One-China policy.[158]

Hence, Taiwan's insecurity is largely induced by fears over the volatility of cross-strait interactions. It is believed that Beijing hijacked Taipei's foreign economic policies to force the latter to comply with the former's One-China doctrine, thereby preventing the emergence of "Two Chinas." Critics argue that such forceful exertion of Chinese influence over Taiwan's foreign affairs, in general threatens the latter's national security. Accordingly, for most Taiwanese officials and policy elites, the One-China factor remains a serious impediment to Taiwan's economic policymaking procedures. As Kristy Hsu stated:

> China's meteoric economic rise has made it difficult for other countries to conduct any type of business with Taiwan as they are now facing an 'either-or' situation – either they are with China or with Taiwan. The reluctance of third countries to engage Taiwan demonstrates the extent to which the Chinese economic influence is altering the former's foreign economic policy options while simultaneously constraining the latter's.[159]

Obviously, the way out for Taiwan is both challenging and difficult given China's seemingly uncompromising views toward proper cross-strait management. While the island's economic statecraft is designed to limit its excessive dependence on the Mainland to the extent of offering asymmetric concessions to prospective partners other than China, nevertheless, Beijing's overwhelming presence significantly undermines Taipei's freedom to navigate even within its limited diplomatic space. In the words of Tsai-Lung Hong:

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[158] Based on the author's interview with Dr. Roy Chun Lee on 17 April 2013 in Taipei, Taiwan.
[159] Based on the author's interview with Miss Kristy Hsu on 19 April 2013 in Taipei, Taiwan.

> Liberty and freedom are the ultimate expressions of national security. The freedom and liberty to choose instead of being dictated by external forces can only be achieved through democratisation of the political processes in the country. Taiwan is governed by law, by constitution. The DPP as a liberal party upholds liberal values and principles. It pushes the government to observe and implement the fundamental covenants of the United Nations including civil and political rights, as well as economic, social and cultural rights. The present government, however, is sidetracking the goal of achieving sovereignty from China.[160]

Overall, based on the statements made by the Taiwanese officials, China's expanding zone of influence is contracting Taiwan's de facto sovereign space. Taipei's failure to pursue its political and economic agendas independently threatens the foundations of its national security. Securing Taiwan's sovereign space, therefore, becomes crucial to achieving the freedom and liberty to realise its national objectives without the interference of other states particularly China.

4.3.2 On Taiwan's free trade activities

As argued earlier, China's encroachment of Taiwan's sovereign space poses significant threats to the latter's national security. Moreover, for Taiwanese officials, free trade has been increasingly viewed as a key strategy for cultivating diplomatic relations with other countries and mitigating the island's overdependence on the Mainland. The freedom to engage with prospective partners other than the PRC in various types of trade arrangements is deemed crucial for the expansion of Taiwan's sovereign space. Based on the interviews conducted, free trade performs three important functions: as a platform for regional economic and political integration; as a key to cross-strait normalisation; and as a tool for minimising overdependence on China. These functions underline free trade's sovereignty-upgrading effect amid the threats induced by the One-China policy. Concerning trade's role as a platform for regional economic and political integration, Lee commented that:

> Economic integration must be differentiated from political integration. With respect to free trade agreements, for example, some may be politically motivated, while others are economically motivated. In the case of China, the FTAs being negotiated and concluded are designed to achieve political and strategic objectives rather than economic ones. In that sense, all Chinese FTAs are meant to serve political objectives, after all, everything is meant to protect the political agenda. In the case of Taiwan, however, this is not necessarily true.

[160] Based on the author's interview with Dr. Tsai-Lung Hong on 11 April 2013 in Taipei, Taiwan.

> For instance, under the proposed US-Taiwan FTA, the US is only asking Taiwan to match its tariff rates. In doing so, Taiwan needs to harmonise its regulatory regimes to improve the transparency necessary for maximising its benefits while minimising the costs of concessions. The Taiwanese policymaking circles have agreed that although external political pressures play a crucial role in the inception of US-Taiwan FTA, however, expected economic benefits justify the need to enforce the said bilateral trade agreement. Taiwan's chief economists as well as political analysts are very optimistic about China's relaxation of its policies in relation to Taiwan in light of Hong Kong's successful conclusions of bilateral FTAs with Chile and New Zealand.[161]

In other words, limiting bilateral trade with China is similar to putting too many eggs in one basket, which inevitably creates dependency problem for Taiwan. The risk of being captured by China in an economic sense is quite high. Lee further highlighted Taiwan's unique case by comparing it with Mexico's bilateral trade relations with the US:

> In the case of the US-Mexico bilateral trade, although eighty per cent of Mexico's total exports go to the US, the absence of geopolitical tension between the two makes it less risky. The opposite is true in the case of Taiwan and China since we have to prepare for the rainy days. We clearly need to reduce the high level of dependency on China by diversifying, that is, joining more bilateral and plurilateral FTAs.[162]

Meanwhile, the role of free trade in normalisation of cross-strait relations is viewed in the context of Taiwan's WTO membership. Before the country's accession, much of Taiwan's economic insecurities emanated from the most-favoured-nation (MFN) status accorded by WTO members to one another. The Taiwanese government, therefore, has deemed free trade as a national security issue that could be effectively addressed through WTO accession. During the negotiations, several trade experts had expressed scepticism toward the WTO, citing the discouraging results from various econometric simulations made by several think tanks. Ten years after its controversial entry to the WTO in 2002 as a separate customs territory, new empirical studies have shown free trade's positive impacts on the Taiwanese political economy.[163] Similar to other countries that have adopted neoliberal economic policies, however, not all sectors in Taiwan have experienced growth including agriculture.[164] Nevertheless, Hsu asserted that Taiwan's acceptance to the WTO was a significant milestone in the country's foreign affairs

[161] Based on the author's interview with Dr. Roy Chun Lee on 17 April 2013 in Taipei, Taiwan.
[162] Ibid.
[163] Based on the author's interview with Ms. Kristy Hsu on 19 April 2013 in Taipei, Taiwan.
[164] Ibid.

history, especially when viewed in the context of Beijing's tight grip on Taipei's diplomatic manoeuvrings:

> On the one hand, Taiwan's accession to the WTO facilitated the normalisation of cross-strait relations. But while the WTO is aware of Taiwan's discriminatory practices against Chinese products, the latter does not file complaints to the Dispute Settlement Mechanism (DSM) since doing so would implicitly validate Taiwan's claim as a legitimate sovereign state. On the other, the intensification of East Asia's desire for establishing regional economic integration via FTAs has given China a new tool for further isolating Taiwan from vital political and economic activities in the region. At the same time, the implementation of the Economic Cooperation Framework Agreement (EFCA) between the two countries has resulted to Taiwan's overdependence on China.[165]

While multilateralism is still largely viewed as the optimal tool for economic statecraft, Taiwan's relatively small size substantially limits its influence over multilateral trade negotiations. Therefore, the second-best option for Taiwanese policymakers is to engage more in bilateral and minilateral FTAs. However, the ubiquitous Chinese influence in the region and throughout the rest of the world has been a significant obstacle to Taiwan's bid for preferential FTAs with other prospective partners.[166] As Hsu further claimed:

> Taiwanese officials expected that the passage of ECFA would pave the way for more FTAs with different countries. However, this failed to materialise immediately due to the ambiguity surrounding the country's sovereign status. In short, sovereignty still matters. Attempting to establish diplomatic relations with other countries seems futile when a powerful neighbour opposes it. The WTO is becoming less and less of an issue when compared with preferential FTAs.[167]

Within Taiwan's policy circles, the consensus is that the country must continue to engage China while it attempts to establish FTAs with neighbouring countries. Although cross-strait relations have significantly improved after the restoration of three direct links

[165] Ibid.

[166] On 10 July 2013 (a few months after the interviews were conducted), Taiwan signed a bilateral FTA with New Zealand. The Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC) is Taiwan's first free trade pact with a nondiplomatic ally. This was immediately followed by the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP), signed on 7th November 2013. Their implications for Taiwan's security-trade linkages are discussed in great detail in Section 4.

[167] Based on the author's interview with Ms. Kristy Hsu on 19 April 2013 in Taipei, Taiwan.

in 2008 – postal, transportation, and trade – critics warn that this should not give the Taiwanese leaders a false sense of security. As Hong stressed out:

> While the DPP does not oppose normalisation of cross-state relations, nonetheless, it wants to establish relations with other states other than China. And interestingly, although the US is adhering to One-China policy, however, it does not have a Once China principle since it does not support Taiwan's unification with China for some politico-strategic reasons.[168]

These comments made by the Taiwanese officials suggest that free trade is a critical element of Taiwanese statecraft. Beyond classical economic considerations, FTAs are fuelled by vital politico-strategic motives that help broaden and deepen Taiwan's sovereign space. To this extent, the whole process of free trade acquires a new "utility function," that is, as a sovereignty-upgrading mechanism. The last section of the interviews discusses the policy positions endorsed by these various institutions. It is concerned with Taiwan's efforts to link security issues and free trade objective in efforts to preserve its remaining de facto sovereign space.

4.3.3 On Taiwan's security-trade nexus

Lee argued that to preserve Taiwan's national security, cross-strait dialogues must promote peace with China, closer integration with the US, and friendship with Japan.[169] Taiwanese think tanks believe that one way to achieve these conditions is to vigorously incorporate the world's three biggest economies to create the ROC's foreign trade policies at the multilateral and regional levels. Lee made a case for Taiwan's active involvement in WTO processes, because of its status as a serious partner for preferential trade:

> There are two types of WTO members: rule makers and rule followers. This has always been the unwritten rule. Taiwan is definitely not a rule making country. Rules are drafted by the G8 countries. Since Taiwan depends on trade with the rule making countries, the objective is to make money instead of distorting the money-making process. Therefore, it is a systematic issue and not a trade issue per se for as long as subsidies are kept at minimum. With respect to regional FTAs, it will be more advantageous to join the Trans-Pacific Partnership (TPP) than the ASEAN since we should always aim higher in order to facilitate domestic reforms. Higher standards must be used as benchmarks to solve for inefficiencies. In terms of coverage, the ASEAN+N and the TPP are almost the same, while the passage

[168] Based on the author's interview with Dr. Tsai-Lung Hong on 11 April 2013 in Taipei, Taiwan.
[169] Based on the author's interview with Dr. Roy Chun Lee on 17 April 2013 in Taipei, Taiwan.

> of an East Asia free trade will undermine Taiwan's need to join the ASEAN+N. Despite the proliferation of regional and transregional FTAs, the WTO remains the optimal choice. It is important to stress that the Doha impasse does not mean the death of the WTO.[170]

Meanwhile, Hsu argued that policy recommendations need to identify the real stakeholders. In the case of the ECFA, communication between the government and the public was unsuccessful. This was evidenced by contrasting views and a lack of consensus concerning ECFA significance across different sectors.[171] Hsu also made hints about the influence of economic and strategic incentives derived from trade agreements toward Taiwan's prevailing political climate:

> For members of the opposition, the ECFA is a politically sensitive topic affecting the country's national security. For the local farmers, it is an economic issue threatening their livelihoods due to their lack of capacity to compete against imported products. For ordinary citizens, it is a looming social concern that vindicates their distrust toward China. Although in general, the concern about China's aggressive policy stance toward Taiwan has considerably declined over the past few years, the return of the Democratic Progressive Party (DPP) to power might once again aggravate cross-strait relations due to their explicit rejection of the One-China policy. Despite President Ma's declining popularity, the likelihood of the DPP replacing the KMT as the dominant political party in Taiwan remains slim given the significant strategic and economic considerations which are at stake.[172]

However, Hong questioned these statements and claimed that the DPP had a strong chance of replacing the KMT given the significant decline of the incumbent president's popularity.[173] He argued that the One-China policy is both an impetus for and a constraint to Taiwan's trade diplomacy agendas. As such, the DPP is formulating policies that are more amicable and less defiant toward the PRC (this is contrary to popular beliefs that it is still espousing radical anti-Sino principles). Moreover, according to Hong, the DPP espouses a people-centred understanding of national security:

> Human security in the domestic context is the security in income, gender equality and labour rights. It puts more emphasis on the rights of the people and the communities. It places more attention on equality issues between men and women. The biggest security concern among Taiwanese is still economic insecurity, although relatively speaking they have better

[170] Ibid.
[171] Based on the author's interview with Ms. Kristy Hsu on 19 April 2013 in Taipei, Taiwan.
[172] Ibid.
[173] Based on the author's interview with Dr. Tsai-Lung Hong on 11 April 2013 in Taipei, Taiwan.

> social security system as opposed to other countries. The continuous decline in government tax revenues, however, adversely affects the different sectors of the population quite differently.[174]

The comments provided by the informants, suggest that security considerations and free trade agendas are fundamentally interlinked. This is particularly relevant in the case of Taiwan given the geopolitical context that determines the country's domestic and international political economy. The overarching One-China factor significantly restrains Taiwan's de facto, sovereign space, thereby undermining the latter's national security. Therefore, harnessing the geo-political and geo-economic utility of FTAs becomes a central element of Taiwan's foreign economic policymaking. That said, the One-China framework governing cross-strait relations can simultaneously stimulate and constrain Taiwan's sovereign space. On the one hand, it can motivate Taiwan to enhance its diplomatic ties with other countries through the creation of FTAs, which minimises any dependence on China. On the other hand, China's wherewithal to effectively employ a "diplomatic blackmail" against any country that violates its One-China principle by establishing state-to-state relations with Taiwan, implies that Taipei's foreign economic policies can only be mobilised in Chinese terms. This present dilemma confronts Taiwanese political parties and their leaders, and partly explains why the parties have taken a collective decision to freeze their pursuit of de jure independence.

4.4 TRADING IN SHADOWS: TAIWAN'S STATIST SECURITY-TRADE LINKAGES

4.4.1 Taiwan's security-trade linkages at the multilateral level

The road to the WTO

Taiwan's accession to the WTO in 2002 under the official name of "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu" (TPKM) was considered a diplomatic triumph by Taipei in the light of its isolation from the international arena (Hsieh, 2005, 2011; Huang, 2009; Lee, 2010; Zhao and Liu, 2010). The Taiwanese government has proudly emphasised the diplomatic significance of its accession to the WTO, highlighting its supposed benefits to local industries and firms as well as to the ordinary citizens. Given Taiwan's limited natural resources, it is imperative for the government to actively

[174] Ibid.

engage with trade liberalisation processes. Free trade has been an important component of Taiwan's economic statecraft particularly after reorienting its trade strategy in the late 1950s when it shifted from import substitution to export promotion activities (Hsieh, 2005, 2011; Huang, 2009; Lee, 2010; Zhao and Liu 2010).

However, while the country's economy had managed to grow rapidly over the past decades without the benefits of GATT membership, Taiwanese officials decided that membership with international organisations would better enhance these gains. This was especially important for a small island like Taiwan (Hsieh, 2005, 2011; Huang, 2009; Lee, 2010; Zhao and Liu 2010). For instance, accession to the WTO was expected to improve the overall economic efficiency necessary for increasing the country's trade volumes and income levels. Such initiatives led to a number of structural reforms including: the abolishment of quantitative restrictions to trade; the depreciation of the Taiwanese dollar; and the fixing of a convoluted multiple exchange rates system (Chou et al., 1997). The range of forbidden and controlled imports had also been substantially reduced and licensing procedures had been adopted to ensure health and safety standards (Chou et al., 1997). It is worth noting that even before Taiwan's accession it had already implemented WTO-consistent reforms and policies. The positive results that Taiwan has reaped from WTO membership can be attributed to its exceptional preparation for the adoption of high levels of economic liberalisation. For example, Taiwan's average nominal tariff, a year before its official accession, was already at six percent – a level that was comparable to those of highly developed WTO members (Charnovitz, 2006; Chang and Goldstein, 2007; Yang, 2007; Huang, 2009).

Taiwan's experience in the WTO vividly illustrates the extent of Chinese power permeating the system. Although the Taiwanese government had filed its application in January 1990, it took another twelve years before it was finally approved. Under ordinary circumstances, three common factors prevent applicants from immediate accession to the WTO. These are: more complicated WTO rules; non-market economies; demands for greater concessions; and aggressive commitments from existing members (Langhmmaer and Lücke, 1999; Huang, 2009). However, Taiwan had completed all of these WTO requirements as early as 1998. In fact, at the time of its application, Taiwan's trade regime was far more liberalised than most of the developing WTO members (Liang, 2002; Yang, 2007; Huang 2009). Therefore, the amount of time it took to approve Taiwan's application should have been significantly shorter.

In Taiwan's case, the biggest delaying factors were politically motivated. There were issues relating to its contested sovereignty, as well as concerns about its volatile relations with China (Hsieh, 2005; Charnovitz, 2006; Yang, 2007; Huang, 2009). When China renegotiated its WTO membership with the US after its temporary withdrawal following the 1989 Tiananmen Square incident, the two parties agreed that Beijing would not block Taipei's accession (Liang, 2002; Huang, 2009). In exchange for this, China would be granted membership before Taiwan. This was explicitly broached during the GATT Council Meeting on 29th September 1992 where the members had implicitly acknowledged the One-China principle. As stated in the UN General Assembly Resolution 2758: "Many contracting parties, therefore, had agreed with the view of the People's Republic of China (PRC) that Chinese Taipei, as a separate customs territory, should not accede to the GATT before the PRC itself."

This proved a painful process for Taiwanese officials, because despite their preparedness WTO members chose not to conclude any agreements with them since Beijing's application was still in pending (Liang, 2002; Yang, 2007; Huang, 2009). Consequently, all negotiations with Taipei had to remain open and were sometimes repeated, even when there was nothing more to add or discuss. China's inefficiency implementing the required structural reforms into its non-market economy, and its ineffectiveness bargaining with other members, had mired Taiwan's own negotiation activities (Huang, 2009). Then finally, a day after China's accession to the WTO on 10th November 2001, Taiwan was granted membership status as a separate customs territory.[175]

A bilateral path toward multilateral trade

In essence, Taiwan was given a window of eight to twelve years to synchronise its economic policies with the WTO rules and obligations. This policy space was enough for Taiwan to fulfil its commitments under multilateral agreements. In fact, many of these commitments – liberalisation of agricultural and industrial goods (GATT); opening of service-sector markets (GATS); and the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) – were already been implemented in Taiwan before 2002 (Liang, 2002; Hsieh, 2005; Yang, 2007; Huang, 2009). This highlights the "trickle down" effect of Taipei's bilateral trade talks with

[175] For more information on Taiwan's accession to the WTO, see the WTO's official website, available online at http://www.wto.org/english/thewto_e/countries_e/chinese_taipei_e.htm.

Washington between the 1970s and 1980s, which had paved the way for the latter's participation in the multilateral trade environment.

Multilateralism has indeed provided Taipei with a new platform for enhancing its diplomatic relations with other countries, but this did not supersede its prior asymmetric bilateral deals with Washington (Hsieh, 2005; Huang, 2009). In the light of Taiwan's WTO membership, US officials demanded greater concessions than those offered to other incumbent members (Charnovitz, 2006; Huang, 2009). Taiwanese negotiators accommodated these requests by providing "advance payments" to the US, believing that these were the last crucial requirements for its accession (Huang, 2009: 53). The incident illustrated a lack of effective negotiating skills by Taiwanese trade officials, which is very common among developing member countries. However, unlike their counterparts from other small countries, Taiwanese representatives have also had to deal with another huge political hurdle - China.

From the Taiwanese perspective, countering the paralyzing Chinese pressure would require strong American involvement in cross-strait affairs. However, drawing in the United States would entail even greater bilateral trade concessions and more aggressive commitments. Such dynamics underline the role of the "new bilateralism" strategy adopted by Washington during the first Bush Administration in 2001 (Ravenhill, 2003; Desker, 2004; Dent, 2006). As the former US Trade Representative Robert Zoellick (2002) had stressed: "The United States has been falling behind the rest of the world in pursuing trade agreement [hence] prompt action is needed to clear the way for America's international trade leadership and economic interests." As a result, the US started to actively formulate and offer various Trade and Investment Framework Agreements (TIFAs) with individual countries, particularly to East Asian states (Dent, 2006, 2010; Huang, 2009; Dent and Dosch, 2012).

Therefore, Taiwan's bilateral trade experience with the US must be examined against the backdrop of its inability to access both the UN and the GATT. The power asymmetry between Taipei and Washington enabled the latter to manipulate and exploit the former's policy mechanisms (Hsieh, 2005, 2011; Huang, 2009; Lee, 2010; Zhao and Liu, 2010). Consequently, bilateral trade relations between the two governments were more unilateral than bilateral given America's dual role as both negotiator and arbitrator. This kind of setup enabled the US to act "manipulatively" and "exploitatively" toward the ROC (Hsieh, 2005, 2011; Huang, 2009; Lee, 2010; Zhao and Liu, 2010). Taiwan's proposals for creating a dispute settlement mechanism for resolving trade issues were

rejected by the US since bilateral agreements do not allow for it (Charnovitz, 2006; Huang, 2009). Accordingly, throughout the negotiation processes Taiwanese representatives adopted a defensive strategy, acknowledging their lack of control over trade matters raised by the US (Huang, 2009).

Although Taiwan's contested statehood was a critical factor for explaining its weak bargaining leverage, it was the island's excessive dependence on Washington and lack of access to the multilateral trade system that further aggravated its position (Huang, 2009; Lee, 2010; Bush, 2011). Given the Taiwanese government's passive and defensive posture, some critics argued that it failed to utilise this new US bilateralism for promoting its politico-diplomatic objectives. Its real and perceived powerlessness has prevented it from demanding greater concessions from the US. Thus, it has failed to influence the trade agenda to its advantage (Huang, 2009; Tucker, 2009; Lee, 2010).

Despite Taiwan's mediocre performance in the US-Taiwan trade talks, several important lessons were learned which assisted the government in its successful bid for a WTO pass. For one, Taiwan's experience with US bilateralism had made it a lot easier for the country to adjust well to the GATT framework, which could be very tricky for the new members (Hsieh, 2005; Cho, 2005; Charnovitz 2006; Huang, 2009). The country's trade regime was in line with regulations and procedures followed in the WTO, thereby making the transition from bilateralism to multilateralism. Therefore, Taiwan's prior bilateral engagements with the US assisted the former to prepare for its eventual accession to the WTO. As Vincent Siew affirmed (in Huang, 2009: 49):

> Taiwan's connection to the international regime and the rules of the game were established in the period of US–Taiwan trade negotiations. Without such experience, the Americans would not like to help Taiwan join the GATT/WTO while under the pressure from the PRC.

Despite Taiwan's limited capacity for effectively balancing the US power, the asymmetric bilateralism between the two countries was instrumental in the successful integration of the former within the multilateral trade system. This milestone has significantly contributed to the development of Taipei's diplomatic scope. With its entry into the WTO, Taiwan was able to conduct positive diplomatic activities through various multilateral mechanisms, thereby expanding its limited sovereign space.

These included: (i) the application to other multilateral institutions such as the World Health Organization (WHO) and the Organization for Economic Cooperation

and Development (OECD); (ii) the participation in several negotiating groups within the WTO such as the group of Very Good Friends on Service, Anti-dumping Friends, Friends of Environmental Good, G10; and (iii) the establishment of diplomatic dialogue with other countries applying for accession after 2002 (Huang, 2009: 54-55).

The ubiquitous China factor

Unlike any other existing international institution, the WTO does not require prospective members to be fully recognised as a sovereign state before granting them an accession. This unique constitutional feature of the WTO has enabled some level of co-existence between the ROC and the PRC within the same multilateral space by treating both governments as "co-equal" or parallel members (Cho, 2005; Hsieh, 2005; Charnovitz 2006; Bush, 2011). Hence, while Taipei's WTO accession cannot be regarded as a formal bilateral accord with Beijing, nonetheless, it helped to facilitate some semblance of the rule of law between the two parties. In addition, the organisation's Dispute Settlement Understanding (DSU) allows the Taiwanese government to stand in an international tribunal when disagreements over WTO rules and procedures with other members arise (Hsieh, 2005; Charnovitz, 2006). As stated in the 2001 MAC report (in Cho, 2005: 743):

> Taiwan and mainland China will be two independent, parallel, and equal members. The WTO mechanism offers the two sides a new channel for communication, dialogue, and consultation. The two do not have to set any preconditions or prerequisites. They can conduct dialogue and consultation on mutually concerned issues based on the WTO rules and framework.

However, questions remain about whether or not China intends to acknowledge Taiwan's co-equal status within the WTO given China's repeated claims for legitimate sovereignty over the island, along with long-term plans for reintegrating Taiwan with the Mainland. From the Chinese perspective, Taiwan remains a province of China with or without "peaceful unification" (Lee, 2010; Zhao and Liu, 2010; Clark and Tan, 2012). Accordingly, Beijing promotes a WTO framework with "One-China gestures" by rejecting anything that connotes the presence of two Chinas (Cho, 2005: 751). Such gestures are intended to cast off any political implications that might arise from China's compliance with WTO rules about Taiwan's global legitimacy. Furthermore, China emphasises that its adherence to multilateral agreements does not,nullify its One-China principle. Beijing's display of One-China gestures is meant to remind the rest of the

world that interactions with Taipei within the WTO should be perceived as an internal rather external matter (Cho, 2005).

A concrete example of these One-China gestures is the "nomenclature war" launched by China against Taiwan as a subtle form of protest over their parallel status in the WTO. For instance, China uses the name "Chinese Taipei" instead of TPKM to refer to Taiwan and insists that all members must follow the same protocol (Cho, 2005; Charnovitz, 2006). It did not hesitate to call attention to representatives from other countries that make the mistake of using the name "Taiwan" during formal and informal sessions (Cho, 2005; Charnovitz, 2006). Moreover, China prefers to use Chinese language when preparing official WTO documents that pertain to Taiwan and rejects any Taiwanese documents that bear the name "Republic of China" (Cho, 2005). These gestures are meant to send the message that the island is part of China's separate customs territories, similar to Hong Kong and Macao. Hence, from a Chinese standpoint, the WTO dialogue between Beijing and Taipei is the domestic concern of a single country that happens to have several subsidiaries.

However, in July 2005 CNA Taiwan reported China's formal acceptance of the island's TPKM title, but demanded the cancellation of diplomatic titles used by members of the Taiwanese mission (in Charnovitz, 2006: 417). The WTO Secretariat granted the appeal and removed these titles from the updated version of its Members Directory, provoking Taipei officials to accuse the organisation of "throwing away its neutrality under pressure from China" (Bishop, 2005). At present, only the top two officials of Taiwan's Permanent Mission to the WTO are identified by their respective titles, while its lower-ranking representatives only have their names and areas of expertise listed (Cho, 2005; Charnovitz, 2006).

However, the fact is that Taiwan's claim for autonomous standing in the WTO has strong legal basis. In 1992, Taiwan was granted an observer status by all contracting parties when the GATT Council established a working group to evaluate its application. This remained valid even after the WTO formally replaced the old GATT system in 1995. Article 33 of the GATT Constitution states that:

> A government not party to this Agreement, or a government acting on behalf of a separate customs territory possessing full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, may accede to this Agreement, on its own behalf or on behalf of that territory, on terms to be agreed between

> such government and the CONTRACTING PARTIES. Decisions of the CONTRACTING PARTIES under this paragraph shall be taken by a two-thirds majority.

Ironically, it is China's claim that the island is one of its separate customs territories that does not seem to have a legal basis. To maintain an equal status with their Chinese counterparts, the Taiwanese representatives have to constantly battle Beijing's attempts at sidestepping bilateral consultations with them (Cho, 2005; Charnovitz, 2006). Beijing's resort to the "nomenclature war" was intended precisely to undermine the legitimacy of Taiwan's parallel status. As far as Beijing is concerned, Taiwan's WTO membership is solely based on its status as one of China's separate customs and territories (Cho, 2005; Charnovitz, 2006). Therefore, it cannot, and should not have a legal status while within the said organisation. By framing the issue in such a manner, Beijing can effectively portray its relations with Taipei as a strictly local affair.

Overall, Taiwan's participation in the WTO has been beneficial to its limited de facto sovereign space, despite the challenges posed by China. The country's accession to the WTO and its denial of entry to other multilateral forums such as the UN and its umbrella organisations, indicates the "appreciation" and "devaluation" of its sovereign status. Nevertheless, the sovereignty-enhancing effect of multilateral free trade concerning Taiwan underlines the utility of free trade for securing and enhancing one of the primary referents of its national security: that is, its de facto sovereign space.

4.4.2 Taiwan's security-trade linkages at the bilateral level

"Not too quick", says China

A critical glitch in Taiwan's foreign economic policymaking stems from the statehood dilemma induced by China's continual rejection of its sovereign status. This creates serious diplomatic constraints, which limit the trade policy options available for the Taiwanese leaders since they are unable to develop either substantive or tactical FTAs with prospective partners. As one of the biggest export-oriented economies in the region, forging bilateral and minilateral FTAs with other countries is crucial for securing Taiwan's preferential access while the WTO Doha Round staggers to a stalemate (Dent, 2006, 2010; Hong, 2012). The "bandwagoning effect" induced by FTA proliferation compels Taiwan to hastily negotiate and conclude trade agreements to avert the risks of

further marginalisation from intensifying regional integration.[176] More importantly, FTAs are increasingly being viewed by Taiwanese leaders as strategic platforms through which the island's sovereignty can be more positively expressed, thereby expanding its China-centric diplomacy track (Hsieh, 2005; Dent 2006, 2010; Hong, 2012; Bush, 2011).

Given the debilitating effects of the One- China factor, Taiwan has begun to link its security motives and FTA agendas, aligning economic interests with politico-strategic objectives. Taiwan's FTA initiatives, therefore, are not only substantively informed, but are also tactically linked to its national security. Preferential FTAs provide Taiwan a heightened sense of security by minimising its degree of dependence on China (Dent 2006, 2010; Hong, 2012). To this extent, FTAs are viewed as an attractive medium of escape from the Chinese stranglehold. To fully utilise such medium, Taiwan's policy elites have to create economically lucrative FTAs that will entice potential partners to look beyond the country's contested statehood.

Inadvertently, the proliferation of FTAs has presented China a new instrument for undermining Taiwan's de facto autonomy. By further hijacking its diplomatic space, the country is systematically relegated from important global interactions. Beijing's insistence on a strictly state-to-state FTA negotiation has severely diminished Taiwan's international legal status. China has been persuading Taiwanese policymakers to adopt the Hong Kong and Macau model for developing the so-called Closer Economic Partnership Arrangement or CEPA as an alternative (Dent 2006, 2010; Hong, 2012). Such proposition is deemed unacceptable by the ROC government as it not only contracts its remaining sovereignty but also leads to a dead-end One-China situation that it so desperately prevents.

ECFA: Boon or Bane?

Since the KMT's return to power in 2008 under the leadership President Ma Ying-jeou, several observers have claimed that Taipei has begun to downplay the importance of its sovereignty dispute with Beijing (Hsieh, 2010; Chow, 2012; Clark and Tan, 2012; Hong, 2012; Hwang, 2012). President Ma launched the ECFA in November 2008 and became a law in January 2011, an act that was warmly welcomed by China's President Hu Jintao.[177] From the viewpoint of the ruling ROC government, the ECFA fulfils three main

[176] For an in-depth discussions of FTA 'bandwagoning effects,' see, Bhagwati (1995, 2002); Bhagwati and Krueger (1995); and Solis (2009).

[177] For a full copy of the document, see Ministry of Economic Affair's website, available online at http://www.moea.gov.tw/Mns/populace/news/News.aspx?kind=1&menu_id=40&news_id=19723.

objectives: (i) promoting normalisation of cross-strait economic and trade relations; (ii) preventing Taiwan's marginalisation from regional economic integration; and (iii) enhancing Taiwan's status as a regional investment hub.[178]

The ratification of the ECFA affects several facets of Taiwan's cross-strait relations with China. The deepening asymmetric interdependence between the ROC and PRC because of the ECFA can be interpreted both in economic ("sensitivity interdependence") and politico-strategic ("vulnerability interdependence") contexts.[179] From an economic context, sensitivity interdependence occurs when economic events in China create externalities that ramify across Taiwan such as the large shifts in prices and disruptions of supply chains, and vice versa (Kahler and Kastner, 2006; Hong, 2012; Kastner, 2006, 2013). In other words, the economic fates of both states become inextricably linked together. Meanwhile, from a politico-strategic context, vulnerability interdependence arises when imbalanced cross-strait relations allow the stronger party to utilise its power to transform the weaker party's trade policies to its uncontested advantage such as in the case of ECFA (Kahler and Kastner, 2006; Kastner, 2006, 2013; Hong, 2012). Once dependency has been established the dominant partner begins to introduce extra conditionality, which cannot be refuted by the weaker party since the risks of termination are already too high.

On the one hand, the preferentiality and exclusivity derived from the ECFA integrates Taiwan and China more deeply, which considerably increases the costs of defection. For ardent supporters of the ECFA, the agreement offers an added layer of protection against Taiwan's further relegation from the international trading system (Chow, 2012; Hong, 2012; Wu, 2012). It enhances the country's industrial competitiveness by attracting more FDIs, thereby strengthening its position in the rapidly expanding Chinese market. In short, it is the prototype for Taiwan's future FTAs with other prospective partners aside from China. Beijing had promised to support Taipei's plans for negotiating FTAs with other small powers such as Singapore and New Zealand upon the implementation of the ECFA. This will enable Taiwan to start carving out its international space while still operating within the purview of the One-China principle (Dent, 2006, 2010; Hong, 2012). However, because of China's politico-strategic motives

[178] For a full copy of the document, see Mainland Affairs Council's website available online at, http://www.mac.gov.tw/public/data/051116322071.pdf.

[179] For a more in-depth analysis of sensitivity interdependence, see Keohane and Nye (1977); for vulnerability interdependence, see Hirschman (1945).

the possibility of Taiwan forming FTAs with other powerful nations such as the US, Japan, EU members and the ASEAN as a whole will remain highly unlikely.

Politically, the ECFA is both a cause and an effect of cross-strait pacification. Accordingly, it can either reinforce or threaten stability across the Taiwan Strait. However, the main argument against the ECFA is that it ultimately results in the cession of Taiwan's de facto autonomy in exchange for limited economic benefits. Critics point to the ambiguous, secretive and undemocratic process through which the ECFA has been negotiated and ratified by the two governments, thus rousing suspicions about the selling of Taiwan's national interests (Chen, 2012; Chow, 2012; Dittmer, 2012; Hong, 2012; Hwang, 2012). Although adoption of the ECFA does not necessarily lead to unification, the preferentiality that it affords to China may contribute to that end goal. In fact, the idea of normalising cross-strait relations via the ECFA seems to be very much in line with Beijing's unification agenda.

Therefore, arguments for protectionism typically underscore the threats of the ECFA to ROC's national security. Interestingly, despite Taipei's discriminatory treatment of Chinese products, Beijing remains patient and compromising as it views the ECFA negotiations as a positive function of its One-China vision (Chen, 2012; Chow, 2012; Hong, 2012). Some nationalist observers have increasingly thought of such behaviour as an obvious indication of China's attempts at exploiting cross-strait economic engagements to fully capture Taiwan's remaining autonomy (Chen 2012; Dittmer 2012; Hong 2012; Muyard 2012; Wu 2012).

Overall, China's regressive stance toward Taiwan's FTA activities has forced some of the latter's potential partners to suspend their bilateral talks (Hong 2012; Dent 2006). As a newcomer to the game, Taiwan does not enjoy a first-mover advantage and cannot afford any further delay in negotiation processes. Beijing's insistence on a "one country, two systems" approach for facilitating the ECFA does not bode well for Taiwanese policymakers who favour the normalisation of the status quo over political unification (Chen, 2012; Dittmer, 2012; Hong, 2012; Muyard, 2012; Wu, 2012). The manner with which China has been managing the ECFA sends a strong message that Beijing's officials view it more like a domestic than an international agreement.

The fact that the ECFA's legal documents do not include definite plans and schedules could only imply that both parties may not be able to comply fully with the WTO rules regarding the proper implementation of preferential FTAs. Consequently, Taipei still considers multilateral trade under the WTO as the most preferred channel for

asserting its sovereign claims and enhancing national security given the constitutionally guaranteed equal rights that mitigate discrimination and preclude favouritism among members.

Glimpse of silver linings

As argued in the previous sections, developing international linkages through active involvement in global economic affairs, specifically free trade, has been the main thrust for securing Taiwan's vulnerable sovereign space. Immediately after the ECFA signing, Taiwanese officials vigorously explored other possibilities for developing FTAs with other nations. In fact, even before Taiwan's WTO accession, the government had already established the 2001 FTA Task Force, conducting feasibility studies on bilateral trade with partners such as Japan, New Zealand, Singapore and the United States (MOFA, 2010).

Although preliminary assessments seemed encouraging, it did not take long before China issued warnings to countries that were considering FTAs with Taiwan. This led to Singapore's reassessment of its FTA plans with Taiwan, arguing that any agreement between the two countries must be pursuant to the One China principle (Dent, 2006, 2010). In addition, while both parties deemed these decisions regrettable, the FTA negotiations eventually led to an indefinite suspension. Even the announcement made by the Taiwanese government about the official title used to sign FTA documents in order to downplay its contested statehood – "Chinese Taipei" instead of Taiwan – did not elicit a positive response from prospective partners (Dent, 2006; Hong, 2012). Therefore, Beijing discovered yet another effective mechanism for constraining Taiwan's diplomatic space by deliberately blocking its efforts to join regional and/or trans regional FTA activities.

However, Taiwan did manage to conclude bilateral FTAs with four of its twenty-two official diplomatic allies, namely: Costa Rica in October 2002; Guatemala in March 2003; Panama in August 2003; and Nicaragua in April 2004 (MOFA, 2014). The net economic benefits of Taiwan's bilateral trade deals with these Central American countries – estimated at around US$324 million in 2004 – were relatively small, especially when taking the associated costs for negotiating these FTAs into consideration (Dent, 2006; Chow, 2012). Nevertheless, by signing these agreements, Taiwanese officials and experts have gained vital first-hand experience of formulating and negotiating for FTAs (Cai, 2005; Dent, 2006). These accords have also set the stage for Taiwan's goal of expanding

its de facto sovereign space amid strong pressures from Beijing to uphold the One-China principle. To this extent, it may be argued that Taipei's economic motives for concluding these bilateral agreements were only secondary to its politico-strategic motives.

Amid the PRC's constant threats to the ROC's FTA plans with non-diplomatic partners, the latter has implicitly retaliated by adopting a stealthy approach to conducting preferential trade negotiations. The lack of huge media attention on Taiwan's bilateral involvement is a key component of the government's strategy for capturing economically and politically strategic FTAs (Dent, 2006). The first concrete results from these efforts were the signing of bilateral FTAs with New Zealand and Singapore in 2013, three years after the ECFA's enactment. These events had somewhat ended the looming speculations on Beijing's plan to abandon its promise of allowing Taiwan to conclude FTAs with other countries even after the passage of the ECFA. Taiwan achieved major diplomatic milestones with the successful conclusions of its first two bilateral FTAs with non-diplomatic partners.

On the 10th of July 2013, Taiwan and New Zealand signed the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (TPKM) on Economic Cooperation or ANZTEC.[180] The said agreement is Taiwan's first FTA with a non-diplomatic partner that also has an existing trade arrangement with China. Taipei officials maintain that the ANZTEC provides Taiwan with the much-needed thrust for pursuing wider regional economic integration by opening new doors for similar agreements against the backdrop of warming cross-strait relations (Chu and Lowmaster, 2013). To avoid an unnecessary diplomatic row with its second largest trading partner, the New Zealand government took a low-profile approach to negotiations (Craymer and Liu, 2013).

Neither of the two governments sent their senior ministers to witness the signing of ANZTEC so as not to imply a "state-to-state" affair. Instead, the agreement was concluded via a webcast, enabling Taiwanese officials to witness its signing without having to set foot in New Zealand's territory (Craymer and Liu 2013). Technically speaking, the ANZTEC is not a "state-to-state" agreement since the New Zealand Commerce and Industry Office in Taipei, and the Taipei Economic and Cultural Office in Wellington signed it. This was confirmed by the spokesperson of China's Foreign Ministry, Hua Chunying at a press conference held in Beijing on the 10th of July 2013:

[180] For a full copy of the document, see New Zealand Commerce and Industry Office's website, available online at http://nzcio.com/node/252.

> The China – New Zealand relations are now in good shape. Committed to the "One China" policy, New Zealand handles relevant issue properly, which is conducive to a healthy China – New Zealand relationship…Our position on the issue of Taiwan's foreign exchanges is consistent and clear. We have no objection to non-governmental business and cultural exchanges between foreign countries and the region of Taiwan but oppose the development of any official ties between them. Fair and reasonable arrangement could be made for Taiwan's participation in international activities through practical consultation across the Straits on the premise of not creating "two Chinas" or "one China, one Taiwan."[181]

Following its game-changing FTA with New Zealand on 7th November 2013, Taiwan signed another bilateral agreement with Singapore called the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (TPKM) on Economic Partnership or ASTEP. [182] It is Taiwan's first bilateral FTA with a non-diplomatic partner in Asia and represents the country's hope to trigger a domino effect by encouraging other states to negotiate with it on similar trade accords without antagonising Beijing. As with the ANZTEC, both parties of the ASTEP maintained a low-profile approach throughout the negotiation process to avoid offending Chinese sentiments (Wang, 2013). Similar to the ANZTEC, the deal was signed between the Singapore Trade Office in Taipei and the Taipei Representative Office in Singapore, thereby implying a non-government to government agreement (Wang, 2013).

Taiwan's Minister of Foreign Affairs, David Lin is optimistic that both the ASTEP and ANZTEC will enable the country to accede to minilateral trade agreements particularly the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP) (Shih, 2013). Meanwhile, China threw caution to Singapore over its FTA activities with Taiwan, urging its government to recognise the existing One-China policy: "Our position on Taiwan's foreign interactions remains consistent and clear. And we hope Singapore could abide by the One-China policy and deal with its economic ties with Taiwan in a prudent and proper manner" (Hsu and Poon, 2013).

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[181] For a full copy of the document, see the People's Republic of China Consulate-General's website, available online at, http://www.chinaconsulate.org.nz/eng/fyrth/t1057848.htm.

[182] For a full copy of the document, see Taiwan's Ministry of Foreign Affairs' website, available online at http://www.mofa.gov.tw/EnOfficial/Topics/TopicsIndex/?opno=71b9bcc4-56d5-4a8f-adc4-f7846a9dedbf.

The coming into fruition of both the ANZTEC and ASTEP can be an indication that cross-strait relations are improving. The PRC is now more comfortable in giving the ROC some room to navigate in the international arena which increases the latter's diplomatic capabilities. However, the extent to which the observance of the One-China principle will influence Taiwan's capacity for bilateral interactions in various international platforms remains ambiguous. Notwithstanding these uncertainties, these newly established accords represent a significant development as far as Taiwan's "inexistence" in the global arena is concerned and could mark the beginning of thawing political barriers to its sovereign statehood.

Overall, preferential FTAs in the form of bilateral agreements are vital tools for securing Taiwan's de facto sovereign space by enhancing the country's relations with non-diplomatic partners. While the bandwagoning and domino effects of FTA have manifested in various states in the Asia-Pacific, however, Taiwan has remained relatively idle due to its existing geopolitical issues with China.[183] Moreover, while the recent events may have revealed a more positive Chinese attitude toward Taiwan's FTA goals, there are still no guarantees that such behaviour will last even in just the short run. Therefore, the Taiwanese government tries to efficiently utilise the benefits of its WTO membership. However, unfortunately, the current WTO impasse poses yet another problem for the island, requiring it to play a more pro-active role in helping the members reach consensus on problematic trade issues. Hence, in the context of an overarching China factor, Taiwan is essentially facing a two-way free trade stalemate that ultimately curtails its remaining de facto autonomy.

4.5 LIMITS TO TAIWAN'S STATIST SECURITY-TRADE LINKAGES

Several factors influence the capacity of Taiwanese political parties and their respective leaders for thawing the politico-diplomatic barriers that are emanating from Beijing's One-China policy. These are: (i) limits of institutional mechanisms and procedures; (ii) limits to nationalist objectives; (iii) limits of export-led growth; and (iv) limits of engagements strategies. The first and second factors represent the internal constraints that sustain Taiwan's sovereignty dilemma, whereas the third and fourth factors deal with the external constraints that are reinforcing it. However, it is worth noting that these

[183] For a complete list of free trade agreements in the Asia-Pacific, see Asian Regional Integration Centre's website, available online at http://aric.adb.org/fta.

factors are all interconnected and overlap with each other. Together, they undermine the sovereignty-upgrading utility of Taiwan's free trade activities by exacerbating further the underlying One-China factor.

4.5.1 Limits of institutional mechanisms and procedures

In May 2011, President Ma delivered a speech about Taiwan's national security strategy and its implication on ROC-PRC vis-à-vis US-ROC relations. During his speech, the President discussed the three pillars of cross-strait security strategy, namely: (i) institutionalisation of cross-strait rapprochement; (ii) enhancement of contributions to international development; and (iii) alignment of defence with diplomacy.[184]

The first pillar is anchored on the "Three No's Policy" rolled out in 2008 – no unification, no independence, and no use of force (Lee, 2010; Morse, 2011; Clark and Tan, 2012). Alluding to Paul Schroeder's idea that "one must have a change of thought before one can have a change of action", President Ma argues that the institutionalisation of bilateral conducts between Taipei and Beijing create diplomatic structures necessary for advancing cross-strait political and economic dialogues (Morse, 2011: 2). A concrete example of this strategy is the creation of the ECFA itself. While the Chinese officials view the agreement as a form of "soft power" diplomacy, nonetheless, some of the nationalist leaders in Taiwan deem it as yet another tool for institutionalising the cross-strait interactions (Clark and Tan, 2010, 2012; Gold, 2010; Wang et al., 2010; Zhao and Liu, 2010). On the one hand, the PRC expects the ECFA to produce strong incentives that will convince the island to reunite with the Mainland. On the other, the ROC is optimistic that the agreement will be instrumental in achieving mutual understandings with Beijing through the facilitation of norm-sharing and confidence-building measures.

The second pillar utilises Taiwan's "soft" economic power for enhancing its national security agenda that centres on the preservation and enhancement of its de facto sovereign space. Taiwan's awareness of the intrinsic link between its security and responsibility as an international stakeholder compels the government to provide financial concessions and aids as part of its global outreach policies (Morse, 2011). By increasing its contribution to international development, Taiwan hopes to increase the economic costs of upsetting the prevailing cross-strait status quo order, thereby providing an additional layer of security protection.

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[184] For a full copy of the speech, see the Centre for Strategic and International Studies' website, available online at http://csis.org/multimedia/audio-president-ma-ying-jeou-ustaiwan-relations-new-era.

The third pillar amalgamates Taiwan's defence and diplomacy strategies to achieve the twin goals of earning credibility and trust from the allies while improving its defence against the Chinese incursions (Morse, 2011). In other words, Taiwan needs to strategically balance the soft and hard elements of its national security policies and strategies to secure one of its primary referents – its diminishing de facto sovereign space. Taiwanese officials have always been cautious about the implications of their foreign policy stance toward Beijing. As an added measure, the Taiwanese government has staunchly argued for strong military and diplomatic support when negotiating with their Chinese counterparts regarding the management of cross-strait relations (Morse 2011). Accordingly, President Ma consistently urges the US to continue backing Taiwan's military build-up amid China's hegemonic rise in the region but only to the extent that it does not provoke Beijing (Bush, 2005; Lee, 2011). Through its "defensive" diplomacy approach, Taiwan is aiming to enhance the level of predictability when it comes to cross-strait interactions (Swaine, 1999; Lee, 2011; Morse 2011).

However, Taiwan's effectiveness enhancing its national security is still largely contingent upon the state of its remaining de facto sovereign space. The country's lack of de jure inter-agency mechanisms and procedures necessary for creating and executing its security policies and strategies poses even more threat to this space. In fact, Taiwan's national security agenda is developed either through a de facto fragmented approach between the responsible government agencies, or the president's independent consultations with his military officials and civilian leaders, instead of an institutionalised and legalised body (Swaine, 1999; IBP-USA, 2009, 2011). Aside from the president's pre-eminent role deciding the contents of its NSPS, several elite state actors including the National Security Council's (NSC) secretary-general, foreign and defence ministers, and the premier also have critical voices in the process (Swaine, 1999; IBP-USA, 2009, 2011). Such practice inevitably results in the poor coordination of top-level management, and the military and civilian elites.

An absence of definitive and clear-cut proposals for guiding the country's national defence and foreign policy objectives underlines the limitations of this approach in two ways. First, initiatives undertaken in the foreign policy realm may not necessarily be complementary to the larger national security agenda. Second, programmes launched under the defence policy realm are sometimes anchored on narrow military defence plans judged effective by the military chief himself. Consequently, Taiwan's national security

seems to be detached from the objective of having unequivocal policy strategies as evidenced by President Ma's Three No's Policy.

The fact that the present Taiwanese government favours the current status quo order over independence or unification with China is indicative of its inability to forge a unifying national security vision. This results in further deterioration of its de facto sovereign space, which in turn leads to an outsiders' perception that the country's national security rhetoric and agenda is simply a function of the incumbent president's vested interests and interpretations of events. Therefore, what is crucially missing is an overarching security doctrine that systematically incorporates myopic strategies into a broader national policy framework for containing any threats to Taiwan's problematic statehood.

4.5.2 Limits of nationalist objectives

Different political actors have different views regarding the impacts of cross-strait trade relations on Taiwan's de facto sovereignty. The pan-green forces depict cross-strait trade engagements as threats to national security, and pan-blue forces highlight the security-enhancing features of such engagements.[185] Despite the DPP's warnings about imminent threats posed by deeper economic engagement with the Mainland, the KMT still actively campaigns for an enhanced Sino partnership to take advantage of the economic boom in China (Lee, 2010; Wang et al., 2010; Zhao and Liu, 2010; Chow, 2011).

Thus, it is interesting to see how ordinary Taiwanese citizens view ever-increasing cross-strait economic relations. Based on the survey conducted by the National Chengchi University (NCCU) in April 2007 (during the tenure of then President Chen Shui-bian of the DPP), cross-strait relations were seen as a threat rather than reinforcement to Taiwanese sovereignty. Of the total number of survey respondents, 61.0% demanded tighter regulations on cross-strait relations compared to 35.0% that requested for fewer restrictions and another 4.0% that favoured the present status quo (Wang, 2009). Upon the KMT's return to power in 2008 under President Ma's leadership, the percentage of the Taiwanese population that called for stricter regulations increased to 71.0%, while those who favoured softer policies decreased to 21.0% (Wang, 2009). These results highlight the pessimistic views concerning Taipei's engagement strategies with Beijing, specifically after the reopening of the so-called three direct links to cross-strait relations.

[185] The pan-green force is comprised of consisting of the Democratic Progressive Party (DPP), Taiwan Solidarity Union (TSU), and the minor Taiwan Independence Party (TAIP). The pan-blue force is consisted of the Kuomintang (KMT), the People First Party (PFP), and the New Party (CNP).

To some extent, these findings reflect the persistence of Taiwanese nationalism amid mounting fears over the island's complete absorption into China's sinicisation project.

Nevertheless, the ECFA's passage and implementation had seemed to alter the Taiwanese perception toward China, but not without a deep polarisation of local opinion. Influential business groups along with some of the country's political elites are largely supportive of the ECFA, emphasising its important economic benefits as the primary impetus for passing the agreement (Wang et al., 2010; Hsieh, 2011; Clark and Tan, 2012). Parties that are strongly opposed to reunification plans with China, along with local firms that are adversely affected by the agreement argue that the ECFA symbolises President Ma's long-standing goal of selling Taiwan's sovereignty by ceding all of its political and economic authority to the Mainland (Tien and Tung, 2011; Hong, 2012). Despite this division, the results of surveys conducted by the Mainland Affairs Council (MAC) in 2010 indicated a favourable attitude toward the ECFA. Of the total number of respondents, 60.0% agreed that the ECFA creates long-term positive impacts on the economy compared to the 23.0% that expressed less optimism about its promised impacts and the remaining 11.0% that showed neutral support for the agreement.[186]

The ECFA supporters argue that the citizens' favourable view toward the agreement is driven by the satisfying conditions that it generates. 67.0% of survey participants expressed clear satisfaction with the ECFA while only 33.0% claimed dissatisfaction (MAC, 2010). Concerning the ECFA's latent security threats against Taiwan's remaining de facto sovereignty, 66.0% of respondents downplayed the veracity of these issues while only 34.0% believed otherwise (MAC, 2010). With respect to the ECFA's role in Taiwan's FTA promotion, 71.0% of the participants viewed the agreement as a necessary precursor for capturing more FTAs in the future (MAC, 2010), thus underlining its capacity for enhancing the island's sovereign space. These results suggest that Taiwan's management style with respect to cross-strait relations is more fluid than initially thought. Taipei's pragmatic engagement approach concerning China has substantial influence over the politico-diplomatic climate surrounding the two governments. The island's speedy recovery from the global recession in 2009, coupled with the failure of the DPP to accurately predict the ECFA's impact on Taiwan's sovereignty, helped to improve the Chinese image quite considerably (Clark and Tan, 2010, 2012).

[186] For a full copy of the survey, see Mainland Affairs Council's website, available online at http://www.mac.gov.tw/public/Attachment/07141750425.pdf.

However, for members and leaders of the DPP, pro-Taiwan policies – specifically, the quest for de jure sovereignty – must be interwoven with the country's democratisation agenda (Rigger, 2010; Clark and Tan, 2012). Fighting authoritarianism with democracy demands the propagation of Taiwanese nationalism that can resist an overweening Chinese presence and declare its non-negotiable autonomy from the Mainland (Gold, 1986; Wachman, 1994). DPP officials expected that by leading the nation in its pursuit of complete independence, citizens would award them with the required number of votes to govern (Clark and Tan, 2010, 2012). Conversely, KMT leaders relied mainly on the spill over effects of Taiwan's economic miracle to justify a position that favoured the normalisation of cross-strait relations (Clark and Tan, 2010, 2012). Hence, while the DPP was adamant about endorsing a state-to-state approach when dealing with China, the KMT was cautious when implementing its own version of the One-China principle despite its reinstatement of Taiwan as the legitimate government of all China.

However, the results of the general elections, particularly in 1991, compelled the DPP to take a more restrained rhetoric on Taiwanese sovereignty after suffering a landslide defeat against the KMT. Since the explicit denouncement of the One-China policy proved to be electorally costly and politically infeasible, the DPP started to relax its policy on sovereignty and crafted a new discourse emphasising the country's de facto, rather than de jure, independence from China (Rigger, 2010; Clark and Tan, 2012). This resulted in internal conflicts among various factions within the DPP and eventually led to defection of its pro-independence members who then established the Taiwan Independence Party in 1996 (Wang, 2000; Rigger, 2010; Clark and Tan, 2012).

The failure of nationalist goals and objectives to bring about electoral success highlights their limits for improving Taiwan's remaining sovereign space. Revisionist propositions concerning the island's contested statehood yielded a low number of votes for the respective parties espousing them. This reflects the public's fear that proposals for either complete unification or absolute independence invariably undercut the existing cross-strait stability. Intriguingly, a significant segment of the voting population preferred the preservation of the status quo or the so-called normalisation of cross-strait relations (Hsieh, 2002; Huang, 2009).

As a result, Taiwan's major political parties were compelled to soften their nationalist stance by taking the middle ground in order to placate sceptical voters (Wang, 2000; Lin, 2001; Clark and Tan, 2012). Thus, it would appear that a consensus for

adopting a moderate approach to pursuing nationalist agendas between the two competing parties had been reached. While general sentiments toward each other may be as capricious as the Taiwan-China relationship, nonetheless, both have consistently applied the norm of moderation in the conduct of cross-strait affairs.

The risks of espousing a nationalistic agenda were once again highlighted during the 2012 general elections when the DPP's presidential candidate, Tsai Eng-wen, failed to convince the Taiwanese voters that cross-strait relations would remain stable under her leadership. Tsai's defeat had forced the DPP to reformulate its engagement policies and strategies with the Mainland (Kastner, 2013). Therefore, it may be predicted that in the long run, there will be no more incentives for Taiwanese political parties and their politicians to launch strong pro-independence campaigns given their huge electoral risks. This makes the freezing of claims over Taiwan's de jure sovereignty an attractive choice.

4.5.3. Limits of export-led growth

That the ever-increasing economic interdependence between Taiwan and China engenders security threats due to the latter's claims of sovereign authority over the former is reminiscent of Albert Hirschman's (1945) analysis of Eastern Europe's economic dependence on Nazi Germany in the 1930s. Cal Clark and Alexander Tan (2012) cite three interrelated factors that led to intensified cross-strait economic relations in the early to mid-1990s: economic complementarity, cultural and language ties, and political compatibility. First, China's export-oriented industrialisation happened to focus on the industries that Taiwan was shedding as it headed toward economic maturation, thereby creating economic complementarity. Second, such complementarity was enhanced by the geographic proximity vis-à-vis cultural symbiosis between the two countries, thereby leading to mutual economic attraction. Third, the respective politico-strategic motives of the two governments had a strange harmonising effect that created some semblance of political compatibility. While Beijing viewed economic integration as a tool for political unification, Taipei's pragmatic diplomacy neither accepted nor rejected such a view except for the assurance that it was promoting the final separation of Taiwan from Mainland China.

Unfortunately, the harmony of interest created by the awkward political compatibility between the two governments had been ephemeral. During the second half of the 1990s, provocative exchanges between Taipei and Beijing led to heightened hostility and tension across the Taiwan Strait. President Lee's visit to his alma mater at

Cornell University in June 1995 was interpreted as a subtle assertion of Taiwanese independence, eliciting strong military contestations from Beijing through missile diplomacy (Lee, 2010; Zhao and Liu, 2010). President Lee's further statements regarding Taiwan's "state-to-state relations" with China in 1999 had roused even greater suspicions in China (Clark and Tan, 2012, 2010; Lee, 2010).

In response to these actions, Beijing had issued grave warnings about the possible repercussions of electing a pro-independence candidate as president. Nevertheless, this did not prevent a DPP contender in the person of Chen Shui-bian from occupying the presidential seat in 2000 (Lee, 2010; Wang et al., 2010; Zhao and Liu, 2010). After two years of failed attempts to court China, a 'one country, one side' rhetoric was adopted, provoking yet another cross-strait crisis. China responded with the passage of its Anti-Secession Law directed toward Taipei in March 2005 and reignited tensions across the Taiwan Strait (Wang et al., 2010; Zhao and Liu, 2010). President Chen then utilised the China factor when consolidating domestic support for his nationalist agendas while freezing the National Unification Council and Guidelines in 2006 (Lee, 2010; Rigger, 2010). Over the years, the level of perceived Chinese hostility toward Taiwan has remained considerably high, averaging between 50% and 55%, from the sides of the government and citizens (MAC, 2013; Tan, 2013). As a result, cross-strait relations have continued to be erratic and unstable until the KMT's return to power in 2008 with President Ma taking over the presidency and promising a more China-friendly approach (Gold, 2009; Tucker, 2009; Rigger, 2010).

Despite the constant diplomatic bickering, economic interactions between the two countries remained relatively stable and, in fact, grew even higher. The successful insulation of cross-strait trade relations during these tumultuous periods can be attributed to different factors. First, major collaborative business projects between leading Taiwanese and Chinese firms, such as the $6.5 billion joint venture for Shanghai semiconductor plants in May 2000, was an indication of a relatively "normalised" cross-strait relation (Clark and Tan, 2012). Second, the dwindling economic conditions engendered by the global recession in 2000 forced several domestic firms to expand operations to China in order to recover the losses incurred during the crisis (Cooke, 2006; Clark and Tan, 2012). Third, upon Taiwan's recovery from the crisis, cross-strait economic activities were revitalised, with China comprising 30% of its total exports between 2007 and 2010 (MAC, 2011; Clark and Tan, 2012).

However, the imbalanced trade between Taiwan and China had some serious implications, both positive and negative depending on whether one generates a surplus or a deficit. The first half of the 1990s saw Taiwan as a consistent net exporter with the help of import restrictions on Chinese merchandise vis-à-vis cross-strait commodity chains where Taiwan was a component producer and China was a product assembler (Wang et al., 2010; Zhao and Liu, 2010). During the second half of the 1990s to the present, the tides had started to shift. China's trade volume had substantially eclipsed Taiwan's, indicating the formation of trade dependence (Wang et al., 2010; Zhao and Liu, 2010). This generated strong disquiet among the nationalist sectors in Taiwan, particularly the DPP members who argued that trade dependence was hallowing out national sovereignty.

Arguments regarding the adverse effects of Taiwan's trade dependence on China, particularly in terms of its contested statehood, highlight the limits of the ROC's export-led growth. Given the engulfing China factor, Taiwan's pursuit of economic interests threatened to undermine its vital politico-strategic objectives. However, for the current Ma administration, forging mutual trust and understanding through deeper economic partnership with China was the key to ensuring peace and stability in cross-strait relations (Lee, 2010; Wang et al., 2010; Zhao and Liu, 2010). In the words of President Ma (in Kastner, 2013: 6): "It is only by more contact, more understanding, more exchange [can] we reduce the historical hostilities across the Taiwan Strait." Such statement implies President Ma's adherence to a softer version of the One-China policy by insisting on closer economic integration with the Mainland while trying to maintain Taiwan's de facto independence.

Meanwhile, the staunchest critics of cross-strait economic engagement considered that Taiwan's increasing dependence on China would inevitably lead to political unification (Kastner, 2006, 2013; Lee, 2010; Hong, 2012). This could happen in two ways. First, Beijing may use economic sticks or carrots to either lure or coerce Taipei into unification. Second, Taiwanese beneficiaries of economic interdependence in general may develop a positive outlook toward unification knowing the importance of stable political relations when securing their interests.

However, supporters of President Ma's policy claim that there are a few good reasons to question the assumption that economic integration will inexorably lead to political unification. For one, although Taiwan's closer economic relations with China may enhance the latter's coercive power, its application can be economically and

politically costly not only for the island, but also for the Mainland (Kastner 2006, 2013; Clark and Tan, 2012). The imposition of economic sanctions on Taiwan, for instance, hurts local business groups that favour political unification, and as such, are counterproductive to China's strategic motives.

In addition, there is no compelling statistical evidence that would suggest great enthusiasm on the part of Taiwanese citizens toward unification projects (Kastner 2006, 2013; Clark and Tan, 2012). In fact, the percentage of the Taiwanese population demanding to expedite the unification process has dropped to 3% over the past decade, while those advocating for a "one country, two systems" framework were reduced to 8.1% (MAC, 2012). To some extent, these trends are reflective of the increasing number of self-identifying 'full-blooded Taiwanese', and the decreasing population of "exclusively Chinese" citizens (NCCU, 2012). In short, at present there is no strong evidence to support the claims that intensifying economic interdependence is increasing domestic support for the unification project.

Finally, the salience of the Taiwanese dilemma at least from the Chinese standpoint, also depends on the ROC's ruling party. A more daring ROC government that pushes the envelope on sovereignty issues is expected to elicit aggressive reactions from the PRC, which may simply ignore the economic costs of war if only to prevent the emergence of two Chinas (Kahler and Kastner, 2006; Clark and Tan, 2012; Kastner, 2013). Financial considerations for waging war are becoming less of an issue given the rate at which Chinese economic wealth and military power is expanding, especially when launched against smaller enemies like Taiwan. While strengthening cross-strait economic ties may bring about a new economic miracle for Taiwan, its overdependence on China blocks the fundamental politico-diplomatic objectives that are necessary for a completely sovereign statehood.

4.5.4. Limits of engagement strategies

Although economic engagement, particularly in terms of trade, is commonly framed as the superpowers' strategy for extracting politico-strategic concessions from their respective targets, small powers also utilise these linkages to inform, constrain and transform the latter's behaviour (Kahler and Kastner, 2006; Kastner, 2006). Such is the case of Taiwan and China. Two types of engagement strategies strongly capture the

dynamics of cross-strait relations between these two countries: conditional (or tactical) and unconditional (or substantive/structural).[187]

Under conditional engagement, the initiator adopts a quid pro quo approach by compensating the target for every policy change that it makes through increased economic exchanges, rather than punishing it with sanctions. However, there are a few reasons why conditional engagement strategies, in general, are deemed less popular than economic sanctions. First, in terms of their economic costs, inducements are costlier than sanctions. While sanctions are carried out only when the target fails to initiate the expected policy change, inducements are paid when a policy shift does take place and will continue for as long as the target maintains its favourable behaviour (Drezner, 1999/2000; Kahler and Kastner, 2006). Second, offering inducements not only creates a perception that the target's resolves are stronger than the initiator's, but also strengthens the former's military capacity thereby raising the incentives for maintaining the policy status-quo (Drezner, 1999/2000; Kahler and Scott, 2006). And third, the uncertainties of market conditions undermine credible commitments on the parts of both initiators and targets with respect to policy reforms that must carried out once economic payoffs have been made (Drezner, 1999/2000; Kahler and Scott, 2006). Nevertheless, despite these limitations, conditional engagement can still induce a desired policy change, particularly between democratic nations given their strong credibility for complying with agreed-upon commitments.

Meanwhile, an initiator state employing unconditional engagement strategy does not rely on tit-for-tat. Rather, this state relies on the capacity of economic interdependence to influence the target's policy behaviour, and in this respect its stategies are more passive. The idea is to entangle the target into the initiator's economic activities up to a point where cessation becomes extremely costly for the former. In general, unconditional engagement performs three crucial functions: (i) informing the target of the initiator's precise level of resolve without resorting to militaristic actions; (ii) constraining the target's policy dominion; and (iii) transforming the target's policy behaviour and attitude (Mastanduno, 1992; Drezner, 1999/2000; Gartzke et al., 2001; Kahler and Kastner, 2006). As such, the breadth and depth of economic interdependence, particularly with respect to trade, determines the likelihood of conflict between the initiator and target states when promised policy changes do not occur. As

[187] For further discussions of conditional and unconditional engagements, see Drezner (1999/2000); Kahler and Kastner (2006). For tactical and substantive linkages, see Aggarwal and Govella (2013); and for tactical and structural engagements, see Mastanduno (1992).

mentioned earlier, Taiwan's case provides a vivid illustration of these two forms of economic engagements with respect to China. The signing of the ECFA and the re-opening of direct links to cross-strait relations highlights the ROC's attempts at conditional and unconditional engagements designed to inform, constrain and transform the PRC's One-China policy.[188] China's refusal to rule out the threat or actual use of force when pursuing its unification objective underlines the importance of Taiwan's effective management of economic engagements when ensuring its survival as a de facto sovereign state. Indeed, the Taiwanese government has utilised the existing cross-strait economic interdependence as a bargaining chip for deciding its contested statehood. With attempts to harness the transformative effect of economic engagement as an antidote against Chinese nationalistic goals, Taiwanese officials have set out specific preconditions for the re-opening of cross-strait links to trade, transit and communications. These include: (i) the withdrawal of threat or actual use of force against Taiwan; (ii) the removal of barriers to Taiwan's diplomatic space; and (iii) the political liberation vis-à-vis democratisation of the Mainland.[189]

However, China's military and economic preponderance engenders a scenario where cross-strait economic relations continue to intensify with or without the fulfilment of the aforementioned conditions. Notwithstanding the high levels of political risk involved, Taiwanese firms have continued to trade with and invest more in China, replacing the old 'go slow and be patient' approach with 'active opening' and 'effective management' mantras (Kahler and Kastner, 2006; Clark and Tan, 2012;). Accordingly, strong lobbying efforts from influential local business communities in Taiwan have placed enormous pressure on the government to abandon these prerequisites to the legalisation of direct cross-strait links (Wang et al., 2010 Zhao and Liu, 2010; Clark and Tan, 2012).

To a certain extent, these calls have resulted in the convergence of cross-strait policies, specifically with respect to economic issues espoused by rivalling political parties in Taiwan. There are two main factors that have led to this convergence: the increasing enmeshment of Taiwan's business interests with Mainland Affairs; and the rise of Taiwanese electorate favouring the present status quo over independence and unification. Consequently, concerns over the adverse effects of excessive Sino-dependence on

[188] For a detailed discussion of cross-strait's three direct links, see Wu (2012); Wang et al., (2010); and Zhao and Liu (2010); Chen (2012); Chow (2012); Clark and Tan, (2012); Dittmer (2012); Huang (2012); Muyard (2012); Wu (2012).

[189] For more information on the reopening of cross-strait links, see the Mainland Affairs Council's website, available online at http://law.wustl.edu/chinalaw/twguide.html.

national security have gradually diminished in importance across Taiwan's political spectrum, thus forcing political parties to embrace a modified two-state method for managing cross-strait affairs (Wu, 2001; Wang et al., 2012; Wong, 2012). Despite significant efforts to moderate the country's reliance on the PRC, cross-strait trade and investment flows have continued to expand as Taiwanese officials themselves begin to realise the cost of restraining local business activities. Hence, even without gaining significant political concessions, Taipei's economic compensations to Beijing have continued to roll over.

Furthermore, Taiwan's democratic society also makes it easier for China to link its politico-strategic motives with cross-strait economic interdependence.[190] Beijing's willful assertion of influence over business matters to undercut local support for the pro-independence party, such as the DPP, highlights such linkages. The imbalanced trade relations between the PRC and the ROC generate asymmetric political effects that are further reinforced by institutional differences. On the one hand, Beijing is waiting for cross-strait economic relations to weaken Taiwanese nationalism and identity, which will then diminish local resistance against its One-China policy (Chow, 2012; Lee, 2010; and Zhao and Liu, 2010). On the other, Taipei is optimistic that Beijing will soon realise that its regional "hegemonic" power is fuelled more by economic imperatives and less by nationalist rhetoric and agendas (Kahler and Kastner, 2006; Kastner, 2013). This will then enable the government to replace its militaristic approach with a more pacifist method for handling cross-strait interactions. If economic engagements lead to the relaxation of China's nationalist objectives and the peaceful settlement of politico-ideological differences, Taipei's gamble with Beijing would have paid off

Lastly, multilateralism also imposes significant constraints on Taiwan's capacity for launching a conditional engagement strategy (Kahler and Kastner, 2006; Kastner, 2006). The reason behind this is that China's economic dynamism enables it to attract other countries that are willing to cultivate economic interdependence without linking any politico-diplomatic issue. The constraints engendered by Taiwanese conditionality are compelling the government to adopt unconditional engagement procedures where the unrestricted cross-strait economic interdependence acts as a pre-emptive measure against China's military diplomacy. However, the authoritarian nature of the PRC's political institutions implies that Chinese officials can easily circumvent the rules and

[190] For detailed discussions on economic interdependence between democratic states and its impact on liberal peace, see; Pollins (1989): Oneal and Russett (1997); Papayanou (1999); Mansfield and Pollins (2003); and Gelpi and Grieco (2003).

procedures of cross-strait relations (Chow 2012; Hong 2012; Wu 2012; Zhao and Liu 2010). This can only imply that Taiwan's policy linking strategies are not always effective and efficient.

Such observation is particularly popular among Taiwanese oppositionist groups predominantly represented by the DPP. Despite the perceived "harmony" of economic agendas between rivalling political parties, the reality is that there are still segments of the Taiwanese population that have reservations toward deeper and wider economic integration with China. This is clearly illustrated by the dramatic turn of events that took place after the KMT's "blitzkrieg" passage of the Cross Strait Services Trade Agreement (CSSTA) with China on the 17th of March 2014.[191] President Ma's decision to cut-short the crucial deliberation process over the controversial agreement resulted in the occupation of parliament by a multi-sectorial coalition led by student groups on the 19th of March 2014.[192]

Demonstrators have demanded several conditions from the Taiwanese president: (i) to hold an inclusive citizens constitutional conference; (ii) to reject the CSSTA in lieu of a monitoring mechanism for cross-strait agreements; (iii) to pass a monitoring mechanism for Cross-Strait Agreements in the current legislative session; and (iv) have legislators from both parties address people's demands.[31] Thus, while big local business groups support unconditional economic engagement, grassroots civil societies insist on the maintenance of regulatory conditions for facilitating cross-strait relations. The conflicts between these two segments of the population further sidetracks the respective policy strategies of Taiwanese political parties on issues surrounding Taiwan's quasi-sovereign statehood in the twenty-first century.

4.6 CONCLUSIONS

Taiwan's re-opening of cross-strait links with China, along with the successful enactments of its new bilateral FTAs with non-diplomatic partners, has sparked renewed

[191] For more information about the protest against the CSSTA, see Democratic Progressive Party 2014, DPP strongly condemns recent KMT actions regarding the Cross Strait Services Trade Agreement. Retrieved 4 April 2014, from http://dpptaiwan.blogspot.tw/2014/03/dpp-strongly-condemns-recent-kmt.html

[192] Arrouas, M. (2014, March 19). The Taiwanese Parliament Is Being Occupied by Protesters Unhappy With a China-Trade Pact. Retrieved 4 April 2014, from http://time.com/29771/taiwan-parliament-occupied-over-china-trade-pact/; Chung, L. (2014, March 23). Anti-trade pact occupation of Taiwan parliament was months in the making. South China Morning Post 23 March. Retrieved 4 April 2014, from http://www.scmp.com/news/china/article/1455712/anti-china-occupation-taiwan-parliament-was-months-making

optimism amongst Taiwanese officials. However, the fact that these agreements are anchored on the One-China principle implies the continued illegitimacy of Taiwan's independence. Hence, although a détente approach toward cross-strait relations may have helped in expanding the country's de facto sovereign space, it is largely inadequate for legitimising Taiwan's sovereign existence in the twenty-first century.

The deep entanglements between Taiwan and China's national security interests and free trade objectives are coercing Taipei officials and policymakers to preserve the prevailing cross-strait status quo. In attempts to enhance their political appeals during national elections, the major political parties in Taiwan are compelled to "cooperate" with each other by promoting pro-status quo policies. Consequently, both pro-China and anti-China political factions are restrained from adopting and implementing policies that have the potential to destabilise the "normal" conduct of cross-strait relations. While citizens opposed to political unification with the Mainland condemn a highly China-centric policy, an extremely nationalistic policy is rebuked by sectors that see opportunities from healthy economic relations with Beijing. Such tension inevitably leads to calls for the "normalisation" of cross-strait relations. Therefore, it would appear that a consensus for adopting a moderate approach to pursuing Taiwan's national interests has been reached between the competing political parties.

While general sentiments toward each other may be as capricious as the Taiwan-China relation itself, both the KMT and the DPP have been consistent when applying the norm of moderation with respect to their cross-strait agendas. This leads to the progressive homogenisation of their respective policy postures toward the freezing of Taiwanese sovereignty issues. The result is the continued "imprisonment" of the island within the One-China trajectory. Indeed, President Ma's rapprochement policy with respect to China has resulted in the easing of tension across the Taiwan Strait. However, the widespread belief that his government is recklessly selling out Taiwan's national interests to Beijing has ruffled the feathers of those who staunchly oppose reunification plans with the Mainland. Amid China's continual rejection of Taiwanese statehood, intensified economic engagements, particularly via free trade, act as mediums for conquering the island's remaining de facto sovereign space.

Evidently, there is a huge trade-off between Taiwan's competing goals of pursuing economic interests, and preserving its politico-diplomatic viability. Taiwanese officials have decided that it would be best to rekindle their relations with China to prevent such a dilemma from leading to an internal impasse. Taiwan's decision to either

accelerate or decelerate the pace of cross-strait economic interdependence largely depends on the level of insecurity that is induced by China. Success rests on the degree of importance that China places on cross-strait economic relations as well as on Taiwan's resolves for terminating the agreements when the desired policy changes concerning cross-strait politics do not materialise. Yet unfortunately, Taiwan's efforts for securing its sovereign space via economic engagements are thwarted by the lack of political freedom, if not the will to cancel payoffs even when Beijing's behaviour continues to violate set conditions.

Finally, the spread of the One-China rhetoric is clearly damaging for Taiwan's de facto sovereignty as it helps to facilitate the complete sinicisation of the country. By treating cross-strait affairs as domestic rather than international matters, China is effectively reducing Taiwan's statehood into a special administrative region similar to Hong Kong and Macau. This significantly curtails Taiwan's diplomatic recognition in an international scene, which ultimately erodes its remaining sovereign space. The abstruse customary practice observed when signing Taiwanese FTAs – between government institutions as opposed to a state-to-state approach – reinforces the idea that Taiwan is merely a local government unit of China. Hence, Taiwan is trapped in what appears to be a perpetual prisoner's dilemma induced and preserved by the omnipresence of China.

These observations underline the risks involved in Taiwan's attempts at facilitating FTAs to secure its sovereign space against the backdrop of China's sinicisation vision. Diminishing political frictions across the Taiwanese Strait has the paradoxical effect of reducing further the available political-diplomatic options for Taiwan including its quest for de jure independence. Put differently, greater cross-strait rapprochement ironically leads to lesser Taiwanese autonomy. Moving toward the institutionalisation of cross-strait relations without acknowledging the legitimacy of Taiwanese sovereignty inexorably absorbs the island within China's sinicisation trajectory: from short-term economic to long-term political. That is, effectively fraying the frog with warm water.

Chapter 5

TRADING IN PARANOIA: SINGAPORE'S STATIST SECURITY-TRADE LINKAGES

5.1 INTRODUCTION

A recurring theme in Singapore's national security narratives is the concern for survival within a Hobbesian-like environment, particularly in the immediate years following its brusque separation from Malaysia in 1965. This highlights the "vulnerability fetish"[193] that continues to hound Singaporean leaders and policymakers and has come to shape the islands' security policies and strategies. By embracing a competitive outlook that sees global politics as a zero-sum game and sovereignty as a sacred principle that must be gallantly guarded, Singapore's security concept reinforces the realist principles of power balancing (through regional alliance and/or partnership-building) and self-help (through the development of national means) (Ganesan, 1998, 2005, 2010; Leifer, 2000; Acharya, 2008; Tan, 2009, 2012).

The government's recourse to pragmatism, however, does not automatically imply that its security rhetoric and agenda is non-ideological. In contrast, Singapore's fixation for survival has also become a national ideology that shapes the island's internal and external policies (Ganesan, 2005; Chong, 2007; Tan, 2009). In the words of Chan Heng Chee, Singapore's former ambassador to the United States: "Survival was adopted by Singaporean leaders as a one-word slogan as well as a main theme underlying all analyses of problems and statement of policies and intent" (in Tan, 2009: 24). This was further stressed by Singapore's former Prime Minister, Lee Kuan Yew when he compared the country's position in the international system to the place of a small animal in the jungle: "The meek may not have inherited the earth, but neither have the strong. Small animals survive and thrive in the jungles, as do small states in the international order. The price of their survival is eternal vigilance" (in Ganesan, 1998: 579).

Over the years, Singapore's realist disposition has been tempered by intensifying economic interdependence, particularly among the Asia-Pacific countries. A distinction is made between the government's realist-informed security strategy and its liberal-oriented economic policy and practice. The amalgamation between these two images of a realpolitik security state, on the one hand, and a liberal trading state, on the other, provides the basis for Singapore's strategic planning both internally and externally

[193] Sudhir Thomas Vadaketh (2014) defines the term 'vulnerability fetish' as the belief that 'Singapore is a small, vulnerable nation that must do all it can to defend and protect itself against potentially hostile Muslim neighbours.'

(Ganesan, 1998, 2005, 2010; Leifer, 2000; Acharya, 2008). The island's scarce territorial lands and natural resources coupled with high population density, huge per capita income and sensitive racial concoction make Singapore the quintessential pragmatic trading state (Dent, 2001, 2002; Chong, 2007; Pang, 2007; Tan, 2009). Ironically, despite the constraints created by its sub-optimal geographic features, Singapore's physical location has transformed it into a vital economic hub that links the developed and developing economies across the globe. Such a strategic position is responsible for Singapore's remarkable success with free trade, which usually accounts for more than three times its annual GDP (WTO-TPR, 2014; World Bank, 2014).

Furthermore, the creation of regional norms and institutions has significantly helped to foster a more benign and stable environment necessary for the continued economic development of Singapore. However, it must be noted that this condition has not completely undermined the value of national self-help as it continues to play a critical part in the security psyche of Singapore's policy elites. To this extent, it may be argued that the Singaporean approach to economic progress vis-à-vis development is also being viewed and defined in defensive, realist terms. For instance, the government's adherence to comprehensive security, as exemplified by its Total Defence doctrine, underlines the prevailing notion that economic liberalism in practice is not exclusively liberal.[194] In the words of See Seng Tan (2009: 29), "more likely, [Singapore's] commitment to economic liberalism does not preclude reliance, at times robust, on economic realism and/or mercantilism."

Similar to any other modern nation-state, Singapore faces internal and external security challenges that have the potential to jeopardise the defence space necessary for its survival amid serious geographic predicaments. The term 'defence space' in this context specifically refers to Singapore's capacity, both military (hard power) and non-military (soft power), to defend its geo-political and geo-economic viability. Despite overcoming a post-independence trauma, Singapore's continued predilection toward state survival underscores a highly pragmatic perception of security.

External threats to sovereignty vis-à-vis territoriality are largely a product of the regional landscape in maritime Southeast Asia (Ganesan, 1998, 2005; Leifer, 2000; Acharya, 2008), and at first glance, one can argue that Singapore's current security milieu is more benign. The Cold War vis-à-vis threat of communism has been consigned to

[194] See, Singapore's Total Defence website, available online at http://www.mindef.gov.sg/imindef/mindef_websites/topics/totaldefence/home.html

history; Vietnam has gained accession to ASEAN, and globalisation now binds key regional countries including China into a complex web of interdependence. However, as far as Singaporean leaders and policymakers are concerned, the Asia-Pacific remains a dangerous place with many potential flashpoints. Examples of these are the standoff between China and Japan over the Diaoyu/Senkaku islands; North Korea's unstable nuclear programme; and the South China Sea territorial disputes.

In addition, the structural condition generated by the city-state's geographic proximity with two Islamic neighbours – Malaysia (considered a "medium power" in the region) and Indonesia (the "dominant power") – makes Singaporean officials extremely cautious about the undercurrents of tensions that may arise from time to time (Ganesan, 1998, 2005; Crump, 2007; Vasil, 2000). The long-standing association of communist insurgencies with the Chinese (that happened to be the predominant ethnic group in Singapore) also invites threats from the outsiders. At various points in their respective histories, both the Malaysian and Indonesian political elites have considered ethnic Chinese communities as major security concerns (Ganesan, 1998, 2005; Leifer, 2000; Acharya, 2008). As such, nationalism in these two states has been customarily expressed in anti-Chinese terms even when Singapore has consistently and strongly condemned Communism (Ganesan 1998; Nathan 1998).

On the other hand, internal threats to the Singaporean government (read PAP government's hegemony) mostly originate from liberal democratic ideologies espoused by the West such as press freedom, political contestations and human rights (Ganesan, 1998, 2005; Mauzy and Milne, 2002; Velayutham, 2007). Although the government has successfully weakened the political appeal of communist philosophy through its efficient delivery of basic socio-economic services, the spread of so-called universal values present yet another ideological threat. The West is generally averse to dominant-party systems because of their tendency to terminate at fascism and totalitarianism, which poses a significant challenge to the legitimacy of the PAP government. While political participation, particularly during the election season, is an essential feature of Singaporean democracy, political contestation remains an anathema to the ruling party.

Moreover, the potential for press freedom to subvert the PAP's corporate monopoly over the media and telecommunications industry compels the government to impose its statutory authority (Velayutham, 2007; HRW, 2010). Meanwhile, liberal interpretations of human rights challenge the legality of the city-state's Internal Security Act (ISA), which grants executive power to enforce "preventive detention, prevent

subversion, suppress organised violence against persons and property, and do other things incidental to the internal security of Singapore."[195] This chapter critically examines Singapore's use of free trade to secure and enhance its defence space amid the presence of a security complex engendered by geographic factors.[196] Each section explores the different facets of the existing security complex vis-à-vis the preservation of the country's geo-political and geo-economic viability in the twenty-first century. Strategic issues confronting Southeast and East Asia have heightened the level of security complex experienced by the island. As a result, survival has been the central creed of Singapore's domestic and foreign policies since its first day of independence. As then Deputy Prime Minister Tony Tan (2004) claimed: "Without security, there can be no economic development. Conversely, stability and security are in serious jeopardy without economic development. This is the basis for the priority that Singapore has placed on ensuring our defence." Hence, to counter the threats to its vulnerable defence space, Singapore has deliberately grafted its security requirements into free trade agendas.[197] The goal is to enhance and preserve regional peace and stability by substantially reducing the likelihood of conflicts via free trade (Leifer, 2000; Ganesan, 2005; Acharya, 2008).

In light of this, I attempt to answer the following sets of questions. First, why does Singapore link its statist security interests with its free trade activities? Given the existing geographic factor, how does free trade (at bilateral, minilateral and multilateral levels) affect Singapore's remaining defence space? Second, why does a dominant-party system seem to be more conducive to Singapore's survival as opposed to a multi-party system? What are its implications for Singapore's domestic politics? Third, what factors limit the capacity of free trade for securing and enhancing Singapore's defence space? How do these factors influence the city-state's existing security complex and vulnerability fetish?

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[195] For a full copy of the document, see Singapore Attorney General Chambers' website, available online at, http://statutes.agc.gov.sg/aol/search/display/view.w3p;page=0;query=DocId%3A%225ba26ddb-fd4c-4e2e-8071-478c08941758%22%20Status%3Ainforce%20Depth%3A0;rec=0.

[196] This security complex according to Christopher Dent (2001: 7-8) is characterised by the state's ceaseless and chronic 'securitisation' of various dimensions of economic security (supply, market access, finance credit and techno-industrial), and socio-economic security (trans border community, systemic and alliance). Such 'all around securitisation' via communal, collaborative and continuous mobilisation of the Singaporean citizenry toward corporate vigilance has become the trademark of Singapore's national security policies and strategies.

[197] Appendix 3 provides an up-to-date list of Singaporean FTAs.

Plan of the chapter

The chapter is divided into six sections. In Section 5.1, I provided the context through which Singapore's statist security-trade linkages in the twenty-first century will be examined. I argue that against the backdrop of geographic factor that engenders a multidimensional security complex, one of the primary referents of Singapore's national security is its vulnerable defence space. To preserve the island's geo-political and geo-economic viability, the Singaporean government actively participates in free trade activities at multilateral, minilateral and bilateral levels. Hence, it is in the best interest of Singaporean leaders and policymakers to preserve the general stability and predictability of the trading environment that buttresses its national security. However, the PAP virtual control of Singapore's security rhetoric and agenda has some serious implications for the island's identity as a realist cum trading state.

In Section 5.2, I briefly examine Singapore's geo-political history by tracing the roots of its "unwanted" sovereign status, which in turn, drives the island's ceaseless and chronic securitisation of its internal and external affairs. I provide preliminary insights about the importance of economic engagements – mainly via free trade – in eking out a wider defence space that is crucial for Singapore's geo-political and geo-economic viability amid its strategic paranoia.

In Section 5.3, I discuss the results of the key informant interviews (KIIs) conducted with Singaporean officials as part of research fieldwork. The objective is to provide a general understanding of why Singapore's statist security interests and trade activities are being linked together, and how these linkages influence the survival of the island nation in the twenty-first century. The interviews have focused on the three main aspects of Taiwan's security-trade nexus: (i) its national security policies and strategies; (ii) its free trade activities and agreements; and (iii) the relationships between these two variables. This dialogue is crucial for determining the discrepancies (if any) between the Singaporean government's rhetoric and action, and state and non-state perceptions.

In Section 5.4, I evaluate the impacts of Singapore's free trade activities on its overall level of defence space. First, I analyse the role of multilateral trade with respect to Singapore's capacity for strengthening its geo-political and geo-economic viability by significantly alleviating any potential threats to its internal and external security. Second, I examine the role of preferential trade with respect to the island's capability of fortifying its insecure defence space undermined by the geographic predicaments of the country.

In Section 5.5, I identify some of the key factors affecting the utility of FTAs for securing and enhancing Singapore's existing defence space. I analyse the internal (domestic politics) and external (engagements strategies) factors that restrict the defence-upgrading capacity of Singaporean FTAs. The objective is to find out the potential consequences and ramifications of these factors on Singapore's statist security-trade linking efforts and from there, evaluate the country's capacity to overcome its engulfing security complex and vulnerability fetish. In doing so, I explain why the dominant-party system sovereignty is deemed more favourable than the multi-party system when enhancing Singapore's external security.

Finally, in Section 5.6 I conclude by arguing that Singapore's pursuit of economic prosperity has become replete with security undertones as a consequence of the siege mentality and vulnerability fetish that envelops the island-state. The Singaporean government has constantly emphasised robust economic performance as the cornerstone of national security. Blocking the country's entry into key international markets will obliterate its export-oriented, entrepôt-operating economy. On the one hand, Singapore has courted the regional powers, specifically China and Japan, to deflect security threats occasionally posed by relatively large Islamic neighbours. On the other, Singapore has also been very active forging bilateral trade relations with great powers outside of its region such as the United States in an attempt to keep China's increasing powers in check. Behind Singapore's every move and decision is the ever-dominant PAP regime. The regime has promoted itself as the single most qualified entity that can secure the city-state's collective interests amid these uncertainties by eliminating factional conflicts. Thus, it has successfully promoted the idea that only a dominant-party system can guarantee Singapore's survival.

5.2 SINGAPORE'S RUDE AWAKENING TO INDEPENDENCE

Singapore's unexpected independence after its bitter separation from the Malaysian Federation in 1965 highlights the origin of the city-state's profound security complex (Ganesan, 1998, 2005; Dhume, 2000; Dent, 2001). The former British colony was granted home rule in 1959, but it was not until 1963 that it first achieved formal independence as part of the then Malaysian Federation. However, within two years Singapore was ejected from the Federation amid widespread tensions emanating from its political and ethnoreligious differences with the rest of the population. In the aftermath of its newfound sovereignty, the PAP government has found itself confronting an

enormous sense of vulnerability, which resulted in a siege mentality (Ganesan, exace1998, 2005; Dent, 2001; Kamaludeen and Turner, 2014). Consequently, "survival" has become a fear-mongering catchphrase that routinely used for mobilising public support. Given the absence of a contiguous hinterland, the Singaporean government is well aware of the limitations for carving out an independent future for the city-state. Thus, "defence for survival," aggressively implanted into the Singaporean psyche, has become the underlying theme of the PAP's security rhetoric and agenda (Ganesan, 1998, 2005; Dent, 2001).

Historical precedents for the long-term feasibility of city-states further intensify this underlying sense of defencelessness. Although the observed patterns indicate possible unification with the adjacent locality to establish a larger territory, Singapore's complicated history with Malaysia rules out any chance for reunification (Ganesan, 1998, 2005; Leifer, 2000; Acharya, 2008). Hence, despite the lack of preparation for its abrupt expulsion from Malaysia, Singapore has been forced to fend for itself. The result is a city-state that gravitates around the paramount nature of sovereignty, emphasising survival in the construction and implementation of its domestic and foreign policies. Ironically, this attitude has also engendered a deep-rooted security complex that has come to determine the city-state's national interests and objectives (Leifer, 2000; Dent, 2001, 2002; Ganesan, 2005). Singapore's former foreign minister Wong Kan Seng (in Acharya, 2008: 16) provided a compelling explanation for the country's security complex:

> The vulnerability of a small state is a fact of life. Singapore's independent existence is today widely recognised. But to answer our basic security, we can never allow tests to our sovereignty and internal affairs, even when well intentioned, to go unchallenged. Even today we have had to occasionally remind other countries to leave us alone to be ourselves.

Clearly, the realist principles of sovereignty and territoriality have come to dominate Singapore's national security policies and strategies. In response, the city-state has progressively resorted to free trade agreements to secure the defence space underpinning its geo-political and geo-economic survival. To do this, it has conveniently embedded itself at the heart of the global trade system. Thus, preserving the general stability of the free trade environment – the lifeblood of the Republic – has become crucial to ensuring Singapore's survival in the twenty-first century.

5.3 SINGAPORE'S SECURITY-TRADE NEXUS: VIEWS FROM THE TOP

Table 4: Summary of key informant interviews in Singapore [198]

	On National Security	On Free Trade	On Security-Trade Nexus
ASEAN Secretariat – External Relations *Assoc. Professor Mely Anthony-Caballero* (Former Director/Current Head of Centre for Non-Traditional Security Studies)	Freedom from want underpins freedom from fear. And there is no need to pretend that these are not security issues. We have to say it as it is	Economic insecurity is still the biggest problem and can be mitigated through human-centric free trade policies	What we need to emphasize is that nontraditional security such as economic security, does not only privilege the needs of the society. It also acknowledges the role of the state, particularly in the operation of free trade as an instrument for economic growth and development. The state may be a problem but it is also a part of the solution
S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU) *Assoc. Professor Ralf Emmers* (Associate Dean and Professor)	If you are a small, trading city-state like Singapore, the notion of total security totally makes sense as it makes the people feel less insecure	The integration of economics into state security is crucial to the city-state's survival. The engine to optimum security is economic growth and development in which trade liberalization is a key strategy	As far as securitization of issues in Singapore is concerned, it is the exclusive affair of the prime minister's office. The state is still the primary actor. Is the state the right actor to response? Well I do not expect civil society to solve free trade disputes and global warming
Singapore Democratic Party (SDP) *Dr. Chee Soon Juan* (Secretary-General)	We know that security has two sides, the freedom from want and the freedom from fear. These are two sides of the same coin. All the problems that we have concerning guns and butter arise because we do not have a political say	The structure of the Singapore's economy is based on foreign trade and investments. The only way to maintain its economic power is to keep labour costs very low. The government's solution is to bring more foreigners to work in Singapore who will be paid cheaper wages	The idea of total security is to create a siege mentality among the people so that they may rally behind the PAP, believing that the ruling party is the only one who can perform vital state roles such as maintaining a secured external environment to protect free trade. So there is obviously a political angle to it

5.3.1 On Singapore's national security

There are three main themes that have emerged from the discussion of national security in Singapore during the interviews: (i) the need to move beyond the traditional, state-centric conception of national security to encompass non-traditional, people-centred dimensions; (ii) the centrality of economics in ensuring the viability of the Singaporean

[198] Singaporean representatives from three different sectors participated in interviews to provide comments and insights on Singapore's security-trade nexus in the twenty-first century. The selected participants are all practitioners and experts in their respective fields While their views do not necessarily encapsulate the whole gamut of arguments, nevertheless, they are crucial for painting a more general understanding of Singapore's security-trade linking efforts. Interviews were conducted with: (i) Dr. Mely Anthony-Caballero, former Director of the External Relations, ASEAN Secretariat (ii) Dr. Ralf Emmers, Associate Dean and Associate Professor at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU); and Dr. Chee Soon Juan, Secretary-General of the Singapore's Democratic Party (SDP). Several government officials and members of the People's Action Party (PAP) had also been invited to participate in the interviews, but declined stating in their letter that a good amount of open source information was available on the internet, including policy speeches by Singapore's leaders on various policy issues. They referred to the official Singapore Government website: www.gov.sg. These resources, according to them, reflect the PAP's official stand on the key issues tackled in the interviews. In the first part of the interviews, the participants discussed their general views on the concept of national security in Singapore. In the second part, they discussed this security concept in relation to the country's participation in various free trade activities. In the last part, the informants discussed the linkages between the country's security considerations and free trade objectives. This section does not provide an in-depth analysis on each statement provided by the participants. The main arguments presented in this section are thoroughly discussed in Section 4 and Section 5. As mentioned, the main objective of this section is to present an overview of Singapore's security interests and predicaments, as well as free trade initiatives and engagement strategies.

state; and (iii) the multidimensional insecurity confronting Singapore. In conceptualising Singapore's national security, Mely Anthony-Caballero argues that:

> Security is not just confined to military threats but to threats to jobs, housing, education and even migrants. Economic insecurity is still the biggest problem. Freedom from want underpins freedom from fear. And there is no need to pretend that these are not security issues. We have to say it as it is. What we need to emphasise is that nontraditional security does not only privilege the needs of the society. It also acknowledges the role of the state. The state is a problem but it is also a part of the solution. Therefore, it is not just a hot air. How can it be hot air in Singapore when it is the main issue here? Why relegate it to something less? Even the idea of "criminalising" an issue is merely an approach. "Securitisation," on the other hand, is a process although admittedly beyond that we do not know. So with the human security approach, instead of criminalising you look for ways on how to counter insecurity and at the same time protect the people.[199]

Through highlighting the state's role as part of the solution rather than the problem, the government has developed a robust defence strategy based on its so-called three rings of national security – prevention, protection and response (MINDEF, 2014; NSCS, 2014). In efforts to preserve the nation's lifeblood, an eclectic military doctrine comprised of forward defence, pre-emptive strike, and strategic mobility has been put forward to keep the battlefield away from its global market and prevent negative externalities from ramifying into the economic sector (MINDEF, 2014; NSCS, 2014). In doing so, it has vigorously pursued the establishment of modernised air, naval, and amphibious forces to improve its military wherewithal for balancing against larger enemies. Hence, a pivotal characteristic of Singapore's national security framework underscores the preservation of economic security by invoking a defence philosophy based on the development of highly trained forces with technologically advanced weaponry.

Moreover, Singapore's defence policy also emphasises the consolidation of its total security doctrine. The emergence of non-traditional security issues – such as terrorism, transnational crime, climate change, public health epidemics, disaster relief, and information security – has muddled the demarcated lines of authority and responsibility between bureaucratic agencies in charge of crafting the national security agenda. The government's response to these changes is the implementation of a modern approach to national security administration directed toward the convergence of various

[199] Interview with Dr. Mely Anthony-Caballero on 14 February 2013 in Singapore City, Singapore.

government sectors vis-à-vis their respective functions.[200] By explicitly linking the issues and conducts of one particular agency to those of the others, the government can roll out its total security strategy in a way that emphasises numerous expressions of national strength. As noted by then Coordinating Minister for Security and Defence and now Singapore's president, Tony Tan Keng Yam (2004):

> The traditional approach of delineating the boundaries between ministries and agencies so that each is solely responsible for a particular area, will no longer work. The experience of other countries since the 9-11 attacks, as well as our own, shows the inadequacy of the stovepipe approach. The separation of responsibilities between the Ministry of Home Affairs for internal security and the Ministry of Defence for external defence leaves gaps in the defence of Singapore against transnational threats. Furthermore, no ministry or government department has developed the full range of competencies or capabilities to deal with these threats. The resources needed to deal with terrorism reside in many agencies.

Therefore, apart from the standard pursuit for military power, Singapore's comprehensive national security framework promotes economic competitiveness by enhancing internal stability through national consensus, on the one hand, and cultivating amicable inter-state relations through regional and international dialogues, on the other (MINDEF, 2014; NSCS, 2014). This approach to NSPS is strongly supported by Ralf Emmers, asserting that:

> If you are a small city-state like Singapore, the notion of "total security" totally makes sense as it makes the people feel less insecure. With respect to Singapore's relations with Malaysia and Indonesia, for example, the country's sense of vulnerability is deterred by developing a highly sophisticated and modern military complex – land, navy and air. In addition, there are also those "non-traditional" security issues, particularly those that threaten the supply of natural resources like energy fuels and water. Thus, everything has become a security issue since you get more attention by labelling an issue as a security threat but you have to be careful in deciding who should be part of the "securitisation" process. To begin with, who should define what the "existential threat" is? It is very easy to abuse the word securitisation. Multiple security doctrines are coexisting and competing for space. But at least in that sense we are not keeping the eggs in the same basket, although it clearly adds up to the complexity of achieving a common security outlook. But that is life. It is complicated.[201]

[200] See, Singapore's National Security Coordination Secretariat website, available online at http://www.nscs.gov.sg/public/content.aspx?sid=23.
[201] Interview with Dr. Ralf Emmers on 5 February 2013 in Singapore City, Singapore.

The Singaporean government claims to recognise that both traditional and non-traditional security issues have the capacity to impede the country's economic growth and development, injure its already fragile collective identity, and destroy the relatively peaceful and harmonious relations among its multiracial citizens. And as far as the PAP officials are concerned, the Singapore story boasts a triumphant "hermit island" that has prevailed over debilitating security crises and has risen above its inherent vulnerabilities to become one of the most developed and advanced countries of the twenty-first century. However, Chee Soon Juan is not entirely convinced:

> We know that security has two sides, the freedom from want and the freedom from fear. They are two sides of the same coin. All the problems that we have concerning guns and butter arise because we do not have a political say. What is GDP growth anyway? It says nothing about the resilience of the state. GDP does not equate with happiness. Security, on the other hand, is happiness. So rather than retaining the intellectuals, the Singaporean government lets them go and brings in foreign talents instead to replace them. But from the perspective of an ordinary Singaporean, there is not much incentive from reviving political life in Singapore. You cannot eat political freedom. Democracy does not put food on the table. It is all about prosperity. This leads me to believe that Singaporeans are the unhappiest people in the world. Look at the more realistic and genuine progress indicators, the more inclusive and comprehensive ones. Singapore is definitely not an egalitarian society. Its income inequality is highest among the OECD members. Unfortunately, in Singapore as GDP increases so does the GNI.[202]

Overall, based on these comments made by experts and practitioners, it can be inferred that Singapore's security sector has become increasingly reliant on ceaseless and chronic securitisation. Because of Singapore's deep-seated security complex, the various dimensions of both public and private lives have been encumbered with profound security implications. On the one hand, non-state actors argue that a stronger emphasis be given to non-traditional security issues that undermine the quality of life in Singapore. On the other, state actors are of view that their national security framework has been very effective in ensuring Singapore's survival by developing a very reliable defence establishment that can protect both its strategic interests and economic objectives along with a whole host of other human security aspirations. Despite Singapore's image as a security state, critics argue that no amount of top-to-bottom institutional repair would suffice without the adequate support coming from the public. Notwithstanding the

[202] Interview with Dr. Chee Soon Juan on 5 February 2013 in Singapore City, Singapore.

efforts being exerted by the PAP government toward the realisation of its total security ideology, its success (as inferred from the interviews) fundamentally rests upon the ordinary Singaporeans' view of security that allows them to commit to self-discipline, formation and governance.

5.3.2 On Singapore's free trade activities

As mentioned earlier, Singapore is commonly portrayed as a global city-state akin to the city-states of medieval Italy and the ancient Greece. Over the decades, Singapore has progressively transformed itself into a modern-day regional hub with a relatively high level of economic freedom that enables commercial and technological innovation. Given its export-driven economy and strategic entrepôt role, Singapore is essentially a trading state whose viability depends largely on the continued operation of the liberals' free trade enterprise.

Three main themes have emerged from the discussion of free trade in Singapore during the interviews: (i) its role in mitigating economic insecurity, both state-centric and human-centric; (ii) its implication with respect to Singapore's status as a "realist cum trading" state; and (iii) its limits as an instrument for addressing Singapore's security complex vis-à-vis vulnerability fetish. With regard to free trade's role alleviating economic insecurity in Singapore, Emmers argued that:

> In Singapore's case the integration of economics into state security is crucial to the city-state's survival. The engine to optimum security is economic growth and development in which trade liberalisation is a key strategy. This way, the government will not be forced to choose between guns and butter. In the beginning economics via free trade is the core of Singapore's foreign policy but it is not about the individuals. It is about regime survival. That is, using free trade economics to promote regime security rather than human security. At the end of the Cold War, the new concept of nontraditional security – an extension of comprehensive security – has emerged. It is messy. Nevertheless, for once we need to give credit to the human security rhetoric and start looking at the glass half-full instead of half-empty. Ten years ago, the notion itself was unimaginable. Ten years later, it is now openly being promoted. Hence, symbolism need not be neglected. It does matter up to a point. The region is entering the period of constructivism fuelled by norms and soft laws. While the idea of using free trade to pursue human security may be difficult to implement, nonetheless, it is not merely hot air. Philosophically, there is really no problem as it is not completely a paradigm shift. Human security should be a part of every chapter of security

> but at the same time it should not be a stand-alone theory. It must be incorporated. In other words, it must be an ethos rather than an agenda.[203]

It is important to note that in the case of Singapore, the state still has the monopoly over the form and substance of its foreign economic policies, specifically those relating to free trade activities (Leifer, 2000; Dent, 2001; Ganesan, 2005; Acharya 2008). In other words, the process is still largely state-centric rather than people or society-centric. As such, the state remains the most crucial intervening factor for developing Singapore's foreign economic strategies. It is in this context that Anthony-Caballero called for a human-centric approach to security policymaking, particularly with respect to economic security:

> Economic insecurity is still the biggest problem and can be mitigated, for instance, through human-centric free trade policies. In doing so, a speech act is used to present something such as economic insecurity as an existential threat. In the case of economic security, the speech act is an extraordinary measure in itself. It has been employed as a form of argument – that security policy should be human-centric. But the problem of course is that human security is still not a common security policy, not in Singapore, and not in other Southeast Asian countries. And that is because of the prevailing notion that human security is merely an academic exercise. Hence, the most that the region could do is to come up with a regional charter such as the ASEAN Charter without an effective implementing body. But although the language of human security has not been explicitly used in ASEAN, however, if we look at the organisation's blueprint, its components relate to human security. Instead, the ASEAN uses the term "non-traditional security", which in essence refers to human security issues. Nontraditional security really touches on the basic needs of individuals and societies such as food, health, and energy which are all underpinned by economics.[204]

As mentioned earlier, security and economic policy dialogue in Singapore is heavily monopolised by a small group of political heads and bureaucratic officials representing the PAP leadership. Thus, the process of developing and implementing security and economic strategy is left unchallenged. The reason for this may be quite simple. During the 2011 general election, the PAP returned to power after winning a credible 60.1% of the popular votes.[205] The party that has ruled Singapore for more than

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[203] Interview with Dr. Ralf Emmers on 5 February 2013 in Singapore City, Singapore.
[204] Interview with Dr. Mely Anthony-Caballero on 14 February 2013 in Singapore City, Singapore.
[205] Adam and Lim 2011, 'Singapore's Lee Retains Power with Smallest Margin Since 1965', Bloomberg 8 May. Available from: <http://www.bloomberg.com/news/2011-05-07/singapore-s-people-s-action-party-keeps-parliamentary-majority-state-says.html >. [14 June 2014]; Banyan 2011, 'Singapore's

five decades still managed to win 81 out of the 87 parliamentary seats.[206] Although the 2011 results yielded the smallest margin of popular votes since 1965, nonetheless, it underscored the PAP's continued electoral mandate.[207] Interestingly, the PAP's political supremacy relies on neither electoral fraud nor physical intimidation. Its dominance has been nearly absolute ever since Singapore emerged as an independent city-state. This could only imply a lack of significant challenge to the PAP's formulation of national security rhetoric and agenda, something that Chee strongly laments:

> The structure of Singapore's economy is based on foreign trade and investments. The only way to maintain its economic power is to keep labour costs very low. The government's solution is to bring more foreigners to work in Singapore who will be paid cheaper wages. The legitimate problem to ask is how will the island cope with this increase in the number of people? Such policy has direct impacts on socio-economic dimensions – from infrastructure, to public housing, to transportation, and to ethnic tensions. Increasing the population size is a strategy for keeping the party's dominance. In other words, to preserve the PAP's political hegemony. Singapore has very low fertility rate due to the very high cost of living coupled with relatively small wages. The purchasing power parity, therefore, is very low. There is no incentive for young couples to start a family. Why have children if you cannot take care of them and not have a good quality of life? Such "solution" also creates social ramifications. A good example is the xenophobia that has never cropped up until the last ten years. We cannot blame the locals. There is also the problem of national identity. Who is the Singaporean? More and more Singaporeans are leaving the country in search of other places to live. Is Singapore a home or just an office? Hence, immigration is not the problem per se, and should not be a problem. Given Singapore's present political economy, however, it becomes a problem.

Overall, Singapore's key foreign economic policies – specifically those concerning free trade activities – are designed, first and foremost, to alleviate state insecurities engendered by its profound security complex. The roots of this security complex can be traced back to the earliest phases of Singapore's nation-building process, which to a large extent, has been exacerbated and preserved by the PAP regime to legitimise its political perpetuity (Ganesan, 1998, 2005; Leifer, 2000; Acharya, 2008). Rationally, the

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election: A win-win election?' *The Economist* 8 May. Available from: <http://www.economist.com/blogs/banyan/2011/05/singapores_election>. [14 June 2014]; Kesavapany 2011, 'Reflections on the Singapore general election', East Asia Forum 11 May. Available from: <http://www.eastasiaforum.org/2011/05/12/reflections-on-the-singapore-general-election/ >. [14 June 2014].

[206] Ibid.

[207] Ibid.

government's pursuit of economic prosperity has been replete with security undertones given the siege mentality and vulnerability fetish enveloping the city-state. It has constantly emphasised robust economic performance as the basis of Singapore's national security and survival. By doing so, the PAP leadership has effectively set in motion its goal of "reinforcing a nation's cohesion, regime legitimacy and world prestige through economic prosperity" (Dent, 2001: 6). To this extent, concerns for economic security may be viewed as the outcome of Singaporean leaders' high-level of security consciousness.

5.3.3 On Singapore's security-trade nexus

For the critics of the ruling PAP regime, the pursuit of economic growth and development via free trade is a mere strategy for further legitimising its political stronghold.[208] To justify the restriction of public participation in domestic and foreign policymaking, PAP officials have presented themselves as the only political entity that is capable of securing the society's collective interests.[209] Therefore, the larger public is discouraged from engaging in highly divisive and polarising political activities to prevent factional conflicts. The PAP leadership has long argued that the distinctive features of the environment surrounding the city-state more than justifies its non-adherence to democratic processes when national secury issues are concerned (Ganesan, 1998, 2005; Leifer, 2000; Dent, 2001; Acharya, 2008). Meanwhile, critics have argued that the technocratic and non-ideational character of the government led by the PAP propagated government-linked companies (GLCs) and statutory boards designed not just to seize economic opportunities, but also to procure and distribute largesse to the ruling party, thereby reinforcing patronage politics (Ganesan, 1998, 2005; Chong, 2007). In the words of Chee:

> The idea of total security is to create a siege mentality among the people so that they may rally behind the PAP, believing that the ruling party is the only one who can perform vital state roles such as maintaining a secured external environment to protect free trade. So there is obviously a political angle to it. National security must be defined as the ability of the people to decide their own future. If you give people the information, in the long run, decisions coming from the people will lead to rationality. In other words, without political minds, freedom of speech and assemble; there is no chance to change the language of guns and butter debate. Thus, political security or the lack of democracy is also an important

[208] Interview with Dr. Chee Soon Juan on 5 February 2013 in Singapore City, Singapore.
[209] Ibid.

> problem that needs to be addressed. In the end, economic security means nothing without political freedom. Those who try to prevent peaceful revolution would end up facing a violent revolution. The idea that money or the material wealth is the answer to everything may be the right thing to do in the short-run, but it is not always the most important thing to consider. The PAP should be and would be replaced without a doubt. It is just a matter of when or how. The problem, however, is that the people are still very afraid to step into the unknown. They may not like the present but the uncertainty of the future makes it hard for them to move and decide in favour of the other alternatives.[210]

By presenting its leadership style to the public as the rational management of collective good as opposed to narrow sectorial and ethnic interests, the PAP is essentially equating itself – along with the core values and principles it is espousing – with a Singaporean identity (Ganesan 1998, 2005; Barr and Skrbis, 2008). Such a paternalistic method of governance, implanted within the vernacular of meritocracy, offers a very limited room for political contestation and opposition (Mauzy and Milne, 2002; Barr and Skrbis, 2008; Lee, 2008). As a result, strategic collaborations among various social groups pushing for different platforms have been stunted as they are often barred from accessing state power. Emmers echoes some of these sentiments:

> In the case of Singapore, the so-called securitising actor is definitely not the public. As far as securitisation of issues in Singapore is concerned, it is the exclusive affair of the prime minister's office. What we have to understand is that security is what matters to you. In that sense, we are all constructivists. The state is still the primary actor. Is the state the right actor to response? Well, I do not expect civil society to solve free trade disputes and global warming.

Hence, government policies, particularly those that relate to security and trade, ultimately rest in the hands of the state. The possible channels for substantive modification are all virtually blocked. By accepting that security matters are strictly state affairs, the government has complete control over its security vision for Singapore. From the viewpoint of the ruling elite, defending the Singapore city-state against all forms of security threat is the primary objective of national security. Anthony-Caballero notes that:

> Consequently, Singaporean policymakers need to rethink its state-centric security agenda. The government needs to find innovative ways to address the new security challenges that are likely to inflict harm on a greater number of people rather than the traditional threats of

[210] Interview with Dr. Chee Soon Juan on 5 February 2013 in Singapore City, Singapore.

> interstate wars and conflicts. At the same time, what we need to emphasise is that non-traditional security such as economic securit does not only privilege the needs of the society. It also acknowledges the role of the state, particularly in the operation of free trade as an instrument for economic growth and development. Again, the state is both part of the problem and the solution. [211]

Overall, for a small pragmatic state like Singapore, the means to survival is mainly through sustained economic growth and progress. Here, free trade acts as a defence-upgrading mechanism that is necessary for enhancing and preserving the island's geo-political and geo-economic viability in the twenty-first century. Maintaining high-level market access is a major concern considering its heavy reliance on foreign markets to keep the economy running. Blocking Singapore's entry into key international markets obliterates its export-oriented, entrepôt -operating city-state. Thus, the Singaporean government does not only adhere to the principles of free trade but also zealously endorses it. As Ganesan (2005: 2) puts it:

> A clear core of realist self-reliance is layered with the demands of a competitive trading state that requires a liberal international trading regime. Hence, both competitive and cooperative philosophies undergird Singapore's foreign policy. Accordingly, whereas Singapore's preoccupation with vulnerability is an enduring feature of policy output, it is arguable that cooperation and prosperity are better obtained through liberal arrangements.

5.4 TRADING IN PARANOIA: SINGAPORE'S STATIST SECURITY-TRADE LINKAGES

5.4.1 Rationales for linking Singaporean security and trade

The PAP government's concern for the geo-economic and geo-political viability of Singapore depends on an important factor that is virtually non-existent in the island-state: natural resources. Singapore is completely stripped of natural endowments except for its strategic location at the centre of international shipping lanes and air traffic. Because it is unable to produce basic needs such as food, water and energy supplies, Singapore heavily depends on the efficient operation of the global economy and its rather awkward relations with neighbouring Islamic states. Taking these factors into consideration – scarce natural resources, small market size and aggressive neighbours –

[211] Interview with Dr. Mely Anthony-Caballero on 14 February 2013 in Singapore City, Singapore.

Singapore's survival is largely contingent on its capacity to conduct and participate in various economic dialogues and arrangements both regionally and internationally.

As such, the city-state is extremely dependent on the external markets, international investments and foreign labour. Therefore, economic diplomacy becomes a vital instrument for securing Singapore's geo-economic and geo-political objectives by smoothening out some of the tensions encountered in a globalising economy.The PAP government exploits its limited but superior technocratic resources to help shape the global economic system underpinning Singapore's security interests. The country's top officials and policymakers vigorously promote a multilevel approach to economic diplomacy by simultaneously pursuing bilateral, minilateral and multilateral trade, which helps to stabilise its relations with other states. As stated in the Singapore's 2012 Trade Policy Review:

> Singapore's trade policy goals are to: expand the international economic space for Singapore-based companies; seek a fair and predictable international trading environment; and minimise impediments to the flow of imports. It seeks to achieve these goals by engaging with its trading partners multilaterally, regionally and bilaterally. The authorities affirmed that the multilateral framework of the WTO remains the bedrock of Singapore's trade policy.

5.4.2 Geo-economic rationale

Singapore's small domestic market and scarce natural resources have forced the government to plug the city-state into the international economy at the early stages of nation-building. After Singapore's abrupt separation from Malaysia, the island had lost the economic safety net provided by its former hinterland. Thus, it had no other option but to quickly implement an export-oriented industrialisation policy characterised by substantial reductions in both tariff and non-tariff trade barriers, as well as the significant accumulation of much-needed foreign investments. Such economic strategy has led to Singapore's average growth rate of 10.0% between 1965 and 1979 (Peebles and Wilson, 2002; Liang, 2005). In fact, during its first year of independence, Singapore's total trade had already amounted to US$6.8 billion (Peebles and Wilson, 2002; Liang, 2005). Since then, the significance of trade to Singapore has continued to grow. Between 2008 and 2011, the city-state registered the highest trade to GDP ratio in the world at an estimated 400.0% (ADB, 2014; World Bank, 2014).

During the same period, the service sector comprised 75.0% of the country's GDP and 70.0% of its total employment, whereas the manufacturing sector accounted for 21.0% of the former and 16.0% of the latter (WTO-TPR, 2012). In 2011, Singapore was ranked ninth among the merchandise exporters and importers and sixth among service exporters and importers (WTO-TPR, 2012). As of 2013, the county's GDP per capita was estimated to be US$55,182 and averaging at US$36,283 per annum since 2000 (ADB, 2014; World Bank, 2014). The real GDP in the city-state also grew at an average annual rate of 5.75% over the last thirteen years (ADB, 2014; World Bank, 2014). Logically, Singapore has been a staunch advocate of free trade, paying special attention to multilateralism, as it has become the island's primary weapon for survival amid all its insecurities.

However, the city-state's deep entanglement with the international economy has the paradoxical effect of exposing it further to the vicissitudes and vulnerabilities of the external environment. Consequently, despite its relatively short history as an independent nation, Singapore has already experienced several global economic recession such as the 1997-1998 Asian financial crisis. After more than twenty years of economic boom, the financial crisis had plunged Singapore and the whole of Southeast Asia into an economic downturn and political turmoil. Given the level of economic interdependence existing among them, not a single state had escaped unscathed. Singapore's real GDP growth had significantly contracted to 0.3% in 1998 from 8.9% of the previous year (Liang, 2005).

Despite the sharp decrease, the city-state performed comparatively better than most of its neighbours that registered negative growth rates for the first time in more than a decade (Peebles and Wilson, 2002; Liang, 2005). Nevertheless, the government's sound macroeconomic strategies, combined with its policy of openness, allowed the country to recover quickly from the adverse impacts of the crisis. Between 1999 and 2000, Singapore's economy bounced back after achieving GDP growth rates of 6.9% and 9.7% respectively (ADB, 2014; World Bank, 2014). This newfound growth was, largely driven by the expansion in IT spending resulting from the enlargement of the so-called "dot.com" industry (Peebles and Wilson, 2002; Liang, 2005).

The road to recovery, however, had been short-lived as the city-state was subjected to a series of external shocks between 2001 and 2003. The September 11 attacks in 2001 and subsequent terrorist and counter-terrorist activities had cast a haze of geo-political and geo-economic insecurity across all continents. The post-9/11 global economic downturn soon penetrated the Singaporean economy, dragging it into another

recession. In 2001, the city-state suffered its worst recession since independence as the economy hit a -1.9% growth rate (ADB, 2014; World Bank, 2014). A combination of external factors – global downturn in the electronics industry, the American recession, weaker regional growth, and the harsh impact of 9/11 on the global airline industry – led to sharp declines in international demand and resulted in a contraction (WTO-TPR, 2004; Liang, 2005).

In 2002, the economy showed some signs of recovery as it managed to expand by 2.2% despite a tough year (ADB, 2014; World Bank, 2014). However, during the first half of 2003, Singapore's economy was simultaneously hit by the Severe Acute Respiratory Syndrome (SARS) outbreak and the war in Iraq, which badly affected tourism (WTO-TPR, 2004). Nonetheless, the government's capacity for rapidly containing the epidemic coupled with the gradual re-emergence of a more positive external environment enabled the economy to grow by 1.4% by the end of that year (WTO-TPR, 2004).

Over the years, Singapore has learned to adapt to these economic shocks, as evidenced by another period of high economic performance between 2004 and 2007. The city-state's real GDP in 2004 climbed to 9.0%, highlighting the substantial improvements in domestic and global demands (ADB, 2014; World Bank, 2014). In 2005, the economy grew by another 7.3%, which was primarily due to healthy levels of foreign demand (ADB, 2014; World Bank, 2014). With a more auspicious global economic environment and more accommodating domestic policies, this positive trend continued in 2006 and 2007 as the economy achieved robust growth rates of 8.2% and 8.9% respectively (ADB, 2014; World Bank, 2014). On average, Singapore's real GDP grew by 8.4% per annum during this period and was accompanied by a low inflation rate of 1.3%, decreasing unemployment, and stable external indicators (ADB, 2014; World, Bank 2014).

However, Singapore's economy took another dive due to another global recession that started in the second quarter of 2008. Real GDP was 9.0% lower than pre-crisis, marking the country's biggest output decline in twenty years (ADB, 2013; World Bank, 2014). Once again, Singapore's economic flexibility enabled it to adjust rather quickly through monetary easing and large countercyclical fiscal stimulus (WTO-TPR, 2012). The city-state's robust economic fundamentals, openness to foreign trade and investments and labour market flexibility have provided the necessary cushions against economic shocks (WTO-TPR, 2014). Thus, Singapore's recovery was as swift as the

contraction. Such resilience was illustrated by its average real GDP growth rate of 5.4% per annum between 2007 and 2013, with a record high of 15.2% in 2010 after contracting by less than 1.0% in 2009 (ADB, 2014: World Bank, 2014). The broad-based growth across private and public consumption and investment, on the one hand, and the larger than forecasted external demand, on the other, helped reinvigorate Singapore's post-recession economy (WTO-TPR, 2012).

However, beyond the economic motivations for free trade are crucial geopolitical objectives that buttress Singapore's defence space amid some serious geographic predicaments. In doing so, the PAP government pursues bilateral, minilateral and multilateral FTAs that are believed to enhance and preserve national security by ensuring the benignity and stability of the geopolitical environment in which the city-state is embedded. This way, the PAP leaders and policymakers hope to secure Singapore's geo-economic and geo-political interests while simultaneously reducing its geo-strategic insecurities.

5.4.3 Geo-political rationale

The regional and multilateral fronts

At the regional level, Singapore has actively participated in the establishment and implementation of the ASEAN Free Trade Area (AFTA) that accounts for more than 30.0% of its total exports.[212] Together with the other South-east Asian countries, Singapore is currently working toward the realisation of the ASEAN Community by 2015. The end goal of which is:

> …the creation a single market and production base, in which there is a free flow of goods, services, investments, and skilled labour, and a freer flow of capital, along with equitable economic development, and reduced poverty and socio-economic disparities.[213]

In 2011, the ASEAN members had agreed on a Framework on Regional Comprehensive Economic Partnership (RCEP). The said framework was designed to formulate a single FTA by consolidating and improving upon the ASEAN FTAs with

[212] For more information on the AFTA, see ASEAN's website, available online at http://www.asean.org/communities/asean-economic-community/category/asean-free-trade-area-afta-council

[213] See, ASEAN Economic Community website, available online at http://www.asean.org/communities/asean-economic-community.

third countries.[214] As of 2014, the ASEAN has concluded five bilateral FTAs involving seven countries, namely, Australia, New Zealand, India, Japan, South Korea and China (ARIC, 2014). Similarly, it has staunchly supported the trade liberalisation project set forth by APEC members that are committed to the development of free trade and investment zone across the Asia-Pacific by 2020 (ASEAN Secretariat, 2014).

The Singaporean government, however, views Asian regionalism not only as being more reactive than proactive, but also more defensive than offensive. Ironically, Singapore has greater substantive and positive profile globally than regionally where the political sensitivity of small regional powers such as Indonesia and Malaysia prevail (Leifer, 2000; Low, 2001, 2005; Ganesan, 2005; Thompson, 2006; Acharya, 2008). Thus, Asian regionalism is a very slow and cautious process that is contingent upon several critical factors, including: (i) how the European integration vis-à-vis American hemisphere works out; (ii) how the leadership between the rising Chinese power and the waning Japanese influence is calibrated; (iii) how power-sharing among ASEAN members is managed; and (iv) how the left-over stimulus of the old flying-geese model is applied (Low, 2001, 2005; Anthony-Caballero, 2005). The fact that Singapore's bilateral FTAs were created before the ASEAN Plus Three (APT) reflects the complexity involved in negotiating regional economic agreements. Clearly, both the economic and geopolitical landscapes have shifted and trade liberalisation, regardless of the modality, has come into vogue (Low, 2001, 2005; Thompson 2006).

As free trade has come into vogue, the regional vis-à-vis- global landscape within which states operate to pursue their national interests has shifted (Low, 2001, 2005; Thompson, 2006). Accordingly, the International Enterprise Singapore (formerly, Trade Development Board) has launched trade missions outside the Asia- Pacific region to cover the emerging markets of Africa, Latin America, Central Asia, Latin America, Central and Eastern Europe and the Middle East. Although these developing export markets at present provide insignificant commercial value to Singapore, nevertheless, they highlight the city-state's "distant horizon" approach to foreign economic policymaking that is necessary for maintaining its wider global scope (Dent, 2001, 2002; Lee, 2013). The main priority remains economic integration as a means of reducing Singapore's multi-pronged insecurities, thereby improving the city-state's defence and survival.

[214] See, full ASEAN RCEP document, available online at http://www.asean.org/news/item/asean-framework-for-regional-comprehensive-economic-partnership

To maintain its broad international latitude, Singaporean authorities strongly support the multilateral trade system under the purview of the WTO. In December 1996, the country hosted the WTO's First Ministerial Meeting, which was a clear manifestation of the government's subscription to the idea of multilateralism (Dent, 2001; Khor, 2007). Since then, Singapore has taken a lead role along with other like-minded members in preparing the launch of the Doha Round and the post-Doha negotiating process to keep the momentum of multilateral trade. There is a consensus among foreign economic policymakers in Singapore that a WTO-led free trade remains the most effective trade policy for the city-state (Dent, 2001, 2002; Liang, 2005; Chong, 2007; Khor, 2007). As such, the Singaporean government follows the bicycle analogy of multilateral trade negotiation: if you don't continue to make forward progress then you are in danger of falling off. In other words, momentum must be sustained in order prevent the complete collapse of the multilateral trade order. In doing so, Singapore has vehemently promoted the "New Millennium Round" within the WTO (Dent, 2001, 2002; Liang, 2005; Chong, 2007; Khor, 2007).

However, its aborted launch at the Seattle Ministerial Meeting in December 1999 highlighted the systemic weakness of the multilateral system and became a source of great concern among Singaporean technocrats and policymakers.[215] Furthermore, the twin problems of complex multilateralism and global social movements (GSM) have posed potential threats to Singapore's sense of economic security given its relatively state-centric and elitist approach to policymaking.[216] The proposed incorporation of highly sensitive trade issues including labour, environment and human rights into the WTO agenda, and the civil society pressure on the WTO's institutional foundation and legitimacy have generated destabilising effects to the multilateral trade system (Smith, 2004; Wolfe, 2004; Steger, 2007; Gallagher, 2008; Jackson, 2008).

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[215] The 'millennium round' finally culminated in the successful launch of the Doha Round in November 2001. However, since 2008, negotiations have stalled over differences with respect to some major issues, including agriculture, industrial tariffs and non-tariff barriers, services, and trade remedies. In July 2008, negotiations collapsed after failing to reach a compromise on agricultural import rules. This prompted then director-general Pascal Lamy to ask the members to reflect on the possible 'consequences of abandoning ten years of multilateral work.' On 7 December 2013, the Bali Ministerial Declaration was adopted by WTO members that signalled the successful resolution of issues concerning bureaucratic barriers to commerce. As of January 2014, the future of the Doha Round remains uncertain.

[216] According to O'Brien et al (2000), the nature of governance and authority in multilateral economic institutions is in transition. That is, a movement away from a multilateralism based primarily on the activity of states toward a more complex multilateralism involving both state and non-state actors. O'Brien et al. (2002) identify five key characteristics of complex multilateralism: varied institutional modification; conflicting motivations and goals; ambiguous results; differential state impact; and a more social agenda.

Due to its semi-periphery status, Singapore is struggling to reconcile the concerns it shares with developing countries regarding these issues with its intensifying relations with fellow developed countries, most of which are staunch promoters of these linkages (Sally, 2004; Dent, 2005, 2006; Low, 2005; Khor, 2007). Thus, it is a puzzle for some leaders of the developed states to witness Singapore's refusal to endorse a more sophisticated multilateral trade agenda that allows for the incorporation of non-traditional trade policy issues given the city-state's commonalities with other core powers (Dent, 2005, 2006; Lee, 2013). Although it acknowledges the general stance of core members with regard to these issues, it also shares the qualms of periphery members that view such issue linkages in the WTO as inherently problematic.

These value-laden trade policies can exacerbate the existing divisions among WTO members and further disrupt the advancement of free trade itself. As argued by one official from Singapore's Ministry of Manpower (in Dent, 2002: 161):

> Together with other ASEAN members, we have argued strongly against any trade-labour linkage, as we are concerned that such linkage is likely to be used for protectionist purposes detrimental to, the causes of both trade liberalisation and global economic growth.

Hence, instead of advocating a stringent "regulationist" approach to these issue linkages – for example, trade-labour, trade-environment and trade-human rights to name a few – Singapore has favoured a plurilateral method through voluntary compliance with higher standards and stricter regulations set by members that are willing to undertake them (Dent, 2005, 20006; Khor, 2007). By doing so, Singapore is not completely extricating itself from complex multilateralism but is exploring other feasible alternatives for maintaining the cohesion and stability of the multilateral trade system amid a transitory stage in WTO governance.

However, the current trade impasse experienced in both the WTO and APEC has compelled Singapore to exploit the growing trend of bilateral FTAs among Asia-Pacific countries. The failure of WTO to conclude the current Doha Development Agenda highlights the growing cynicism and disenchantment on the part of its developing and least developed members rather than the dearth of shrewd economic calculations and (Smith, 2004; Wolfe, 2004; Steger, 2007; Gallagher, 2008; Jackson, 2008). As of 2014, the Singaporean government has already signed and implemented thirteen

bilateral FTAs encompassing twenty countries located in various continents.[217] The main rationale is to increase the thrust of trade liberalisation processes in APEC and ASEAN, and at the same time, establish a vital safety net if the process deteriorates further (Dent, 2006; Kawai and Wignaraja, 2010; Koo, 2013; Ravenhill, 2013; Hamanaka 2014).

The Trans-Pacific Partnership Agreement (TPP) is arguably the most high profile among these alternatives for a number of reasons. First, the TPP is a trans regional agreement that attempts to link countries in four different corners of the Asia-Pacific – Southeast Asia, Oceania, and North and South America.[218] Second, the agreement is also viewed as an important tool for ensuring the continued interest and involvement of the United States in the Western Pacific rim, and conversely for Washington, "as a means of signalling the return of the US to the region under the Obama administration" (Capling and Ravenhill, 2011: 558). Third, the TPP also aspires to be a "twenty-first century agreement" by addressing domestic regulatory policies that influence trade and investment, and thus, goes beyond traditional market access negotiations.[219]

Lastly, the agreement is expected to "multilateralise regionalism" by untangling the noodle bowl, being open to future accessions and providing a foundation to the long-term APEC goal of freeing trade among its members (Capling and Ravenhill, 2011: 559). There are substantial differences between the negotiating priorities of the current participants. Hoewever, the strong commitment shown by the PAP government in TPP negotiations, despite the limited economic gains that it expects from the agreement, highlights the role of security interests as drivers of Singaporean FTAs. As Capling and Ravenhill (2011) postulate, the anticipated forward momentum in the TPP negotiations will create incentives for non-participants to join eventually, thus making it a more crucial strategic and economic accord.

However, at the time of writing the TPP is a huge work in progress. As some observers have noted, governments in many of the participating countries seem to be much more interested than local interest groups in the proposed accord (Kawharu, 2012;

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[217] These countries are: Australia, Brunei Darussalam, Chile, China, Costa Rica, Iceland, Japan, Jordan, Liechtenstein, Norway, New Zealand, Panama, Peru, South Korea, Switzerland, and United States. See, ADB's Asia Regional Integration Centre, website, available online at, http://aric.adb.org/fta-country.

[218] The following are the list of initial participants in the TPP negotiations: Brunei, Malaysia, Singapore and Vietnam (Southeast Asia); Australia and New Zealand (Oceania); Chile and Peru (South America); and the United States (North America). Note that these nine countries are also current members of APEC.

[219] See also, Kawharu's (2012) 'The Negotiations for a Trans-Pacific Partnership Agreement'; and Naoi and Urata's (2013) 'Free Trade Agreements and Domestic Politics: The Case of the Trans-Pacific Partnership Agreement.'

Capling and Ravenhill, 2011; Naoi and Urata, 2013). The complications arising from convoluted rules of origin (ROOs) prevent domestic businesses from fully utilising the existing agreements. Consequently, in many countries, protectionist groups are effectively stifling some members of the pro-liberalisation business lobby (Naoi and Urata, 2013). Hence, while the TPP has become a key component of the United States' rehabilitated resolve to engage with the Asia-Pacific, the relatively small size of participating economies significantly curtails its expected economic and politico-strategic utility (Caplan and Ravenhill, 2013).

The bilateral front

For some observers, the failure of the WTO to conclude the current Doha Development Agenda (DDA) highlights the growing cynicism and disenchantment on the part of the developing members (Smith, 2004; Wolfe, 2004; Steger, 2007; Gallagher, 2008; Jackson, 2008). One of the most highly contested issues confronting the institution aside from classical economic considerations relates to the incorporation of non-traditional security issues into the multilateral trade agenda (Khor, 2007; Aggarwal and Govella, 2013). The balancing of diverse and often conflicting national interests pursued by all members has proved to be one of the biggest obstacles moving forward with the new multilateral negotiation rounds.

On the one hand, most of the developed members argue for the annexation of nontrade issues pertaining to human security such as environment, labour and human rights (Aggarwal and Govella, 2013; Ahnlid, 2003; Vogel, 2013; Yamada, 2013). On the other, developing members fiercely advocate for improved market access to the highly protected labour-intensive industries of the developed world specifically through the agricultural and textile sectors where they have comparative advantage (Aggarwal and Govella, 2013; Ahnlid, 2003; Vogel, 2013; Yamada, 2013). Such tension significantly contributed to what Christopher Dent (2006) refers to as "WTO inertia."

As mentioned, the current trade impasse experienced both in the WTO and APEC has compelled Singapore to exploit the growing trend of bilateral FTAs, particularly within the Asia-Pacific region. Interestingly, the city-state's small size has become in a sense an economic advantage given the nominal costs and minor challenges that it poses for its bilateral partners. Singapore has served as a litmus test for other Asian countries that are actively conducting bilateral FTA negotiations with larger and more challenging partners. In other words, the country's bilateral FTAs have been

instrumental in "stirring the pot" and exploring new frontiers for the region's next phase of growth in light of the changes precipitated by globalisation (Dent, 2001, 2002, 2006; Low, 2001, 2005). As such, Singapore is not the only country that is forced to react to the systemic threats and opportunities that are simultaneously generated by globalisation.

Some critics have argued that the continuous proliferation of bilateral FTAs – regional and/or trans regional – may prove detrimental in the long run due to their propensity to side-track the multilateral (WTO) and regional (APEC and ASEAN) channels of free trade, thus further aggravating the intrinsic flaws of both modalities (Bhagwati, 2003, 2008; Plummer et al., 2010). However, the geo-economic and geo-political utilities of bilateral FTAs in the twenty-first century cannot be denied, particularly when the WTO process is currently malfunctioning and is in disarray irrespective of the former's precise impact on multilateralism. Such observation is especially true for a realist-cum-trading state like Singapore.

The United States – Singapore Free Trade Agreement (USSFTA): The USSFTA is the product of crisscrossing interests between two states attempting to implant security elements within their trade relations.[220] In 2005, the Bush Administration began the campaign for linking security and trade issues in various platforms including the ASEAN, ARF and APEC. Unlike other bilateral FTAs, the USSFTA goes beyond traditional economic considerations by annexing the sensitive issue of security relations between the two countries in the agreement. This is supported by the observation that the common motivations that drive the formation of a bilateral FTA – reducing effective tariff rates, abolishing non-trade barriers, and gaining reciprocal access to each other's goods, services and final markets – do not exactly apply (Pang, 2007, 2011; Aggarwal, 2013). In fact, both the United States and Singapore have had the lowest tariff rates among all trading states with the latter being the most free entrepot in the world.[12] Both countries continue to back the multilateral trade liberalisation of the WTO, but at the same time consider bilateral FTAs as complementary building blocks for the eventual realisation of a single global market (Pang, 2007, 2011; Aggarwal, 2013).

With respect to growth prospects, Singapore – an economy of US$ 274.7 billion GDP and a total population of five million – offers both public and private firms limited space for further market expansion. Going global, therefore, is not merely an option but

[220] For a full document of USSFTA, see Office of the United States Trade Representative website, available online at http://www.ustr.gov/trade-agreements/free-trade-agreements/singapore-fta.

the only way to Singapore's continued survival. Hence, while the USSFTA makes little economic sense for American policymakers given the asymmetric opportunities that are expected to go to Singapore, nevertheless, for the Singaporean policymakers, the FTA provides the strategic hinterland (Koh and Chang, 2004; Aggarwal, 2013). This is further highlighted by the fact that the market access it created for the city-state is larger than the aggregate market access provided by all major ASEAN economies (Koh and Chang, 2004; Pang 2007, 2011).

Meanwhile, from the American side, FTAs serve as political rewards for states that are supportive of US foreign economic and security policies. Examples of these are the United States-Israel Free Trade Agreement (USIFTA) signed in 1985, and the United States-Jordan Free Trade Agreement (USJFTA) signed in 2000. While the latter is the first FTA that the US has ever ratified and implemented with an Arab country, the USSFTA is the first of its kinds with an Asian country. This was largely in recognition of the Singaporean government's decision to grant the United States access to its military bases after the latter's naval and air stations in the Philippines were shutdown in 1991 (Pang, 2007, 2011; Aggarwal, 2013). Hence, the United States has secured a strategic base that enabled the execution of its foreign economic and security policies across Asia-Pacific region (Higgott, 2003; Aggarwal, 2013; Lee, 2013).

Once the negotiations for the USSFTA concluded in May 2003, former US President George W. Bush Jr. made a visit to Singapore to sign a strategic partnership framework agreement in October of the same year. This paved the way for the bilateral linking of security interests and free trade objectives between the two countries, which took effect on 1 January 2004. The agreement was an upshot of the Bush administration's two-pronged foreign policy strategy implemented shortly after the 11-September events. It gave the United States: (i) the right to unilaterally strike suspected states or territories that provide sanctuaries to terrorists within the context of preventive or pre-emptive war doctrine; and (ii) the mechanism for binding trade policies to wider and broader political, economic, and security aims (Jervis, 2003; Monten, 2005; Kaufman, 2007). To complement this strategy, the US Congress established the Trade Promotion Authority in 2002 that gave the Bush administration the power to formulate, negotiate and conclude preferential FTAs on a fast-track basis.[221] The goal was to intensify American free trade through the bilateral instead of the multilateral route.

[221] For the full TPA document, see Office of the United States Trade Representative website, available online at http://www.ustr.gov/trade-topics/trade-promotion-authority.

In July 2005, it was Lee's turn to visit Washington to sign The Strategic Framework Agreement for a Closer Cooperation Partnership in Defence and Security with Bush.[222] The fact that the said agreement took two years to be concluded indicates that the negotiations may not have been very straightforward. The said agreement has two main components: (i) a Defence Cooperation Agreement (DCA) that incorporated all standing bilateral defence cooperation and opened new areas of collaboration, specifically the development of military expertise and defence capabilities to address a broad range of non-traditional security threats; and (ii) a Protocol of Amendment to the 1990 Memorandum of Understanding (AMOU) to extend the access for American ships and aircraft to facilities located in Singapore. Therefore, the event has formally embedded their respective security imperatives into the existing trade relations between them. Both heads of state agreed that it was the logical follow-up on the FTA.

Interestingly, despite Singapore's secretive nature, the government hurriedly announced this "more than economics" accord with the US. It specifically highlighted the agreement's security-related components including greater military technology transfers; intensified joint R&D activities; and closer collaborations between the two states' armed forces (Pang, 2007, 2011). Lee was very optimistic about the positive role of the United States in maintaining security and stability in the region "as it has done for many years" (in Pang, 2007: 21). During the 2005 APEC meeting held in Pusan, South Korea, Lee even alluded to the "Asianness" of the United States considering the proximity of its westward territory, Guam to Japan and New Guinea (Pang, 2007).

In response, Bush reiterated that the FTA would be the basis for the bilateral security cooperation necessary in defeating terrorism in Southeast Asia and stopping the proliferation of weapons of mass destruction (Pang, 2007). In addition, the United States also shares with Singapore some of the biggest security concerns in the Asia-Pacific, such as: protection of the channel through the Malacca and Singapore Straits; freedom of navigation across the South China Sea; tension brought about my nuclear proliferation in the Korean peninsula; and the volatility of cross-strait relations between China and Taiwan (Schott, 2004; Aggarwal, 2013). Thus, the Singaporean government views its bilateral FTA with the US as a means of bolstering American strategic engagement in the region.

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[222] For the full SFA document, see Singapore's Ministry of Defence website, available online at http://www.mindef.gov.sg/imindef/press_room/official_releases/nr/2005/jul/12jul05_nr/12jul05_fs.html#.UGMTvmSw40.

Evidently, the military and security collaboration schemes seem to be reinforcing the United States' initiatives for the war on terrorism, and the two partners' preference for interlacing security issues with free trade. 9/11 has provided the impetus for consolidating the cohabitation of security and trade into the neo-conservative foreign and defence policies of the United States, which the city-state fully embraced, particularly during the Bush administration. A classic example is Singapore's decision to send a military contingent to Iraq and provide a strategic staging ground for the American military operations within the "axis of evil" that began in 2003 (Higgott, 2003; Schott, 2004; Aggarwal, 2013). In this sense, the war in Iraq has served as a litmus test for screening America's prospective FTA partners in the Asia-Pacific – one that Singapore has successfully passed.

Hence, for the most part, Singapore's top leaders and policymakers adhere to the same security concept and strategy that promoted by their American counterparts. In fact, since gaining independence, Singapore has reserved its right to pre-emptive strikes in the hope of effectively deterring latent and imminent security threats (Leifer, 2000; Ganesan, 2005; Acharya, 2008). Both governments believe in the deterrence capability generated by strong, mobile and lethal state force. The two countries also conduct annual joint air, naval and military exercises in the South China Sea (Koh and Chang, 2004; Pang, 2007, 2011). Such activities have enabled collaborations between the two governments over Afghanistan and Iraq as well as deployment of a superior naval force to fight maritime piracy in Southeast Asia. An action that costs some US$25 billion annually (Pang, 2007, 2011; Aggarwal and Govella, 2013; Lee, 2013). Clearly, these security linkages have performed a vital role broadening the content and scope of Singapore's bilateral FTA with the United States and has enabled the city-state to enhance its bilateral defence collaboration with the world's reigning superpower. Against the backdrop of a rapidly transforming Asian security environment, the two countries share a common understanding of the utility of coordinating security policies via FTAs.

But while the USSFTA highlights the complementarity of Singapore's geo-economic and geo-political interests with the core strategic agendas of the United States, the China-Singapore Free Trade Agreement (CSFTA) presents quite a different narrative.

The China-Singapore Free Trade Agreement (CSFTA): Singapore's pragmatic approach to foreign policy naturally compels it to balance against China along with other smaller and weaker states in the region even as it attempts to interlock China in all aspects of

bilateral relations – economically, politically and culturally. Put differently, the city-state's bilateral strategy with respect to China is determined by its economic dynamism, demographic features and geopolitical setting: a tiny, wealthy and predominantly Chinese country stuck between the two large Islamic states of Indonesia and Malaysia, whose respective relations with China are influenced by a myriad of complexities. Nevertheless, the physical distance between Singapore and China provides the former greater "balancing latitude" compared to other Asian neighbours that are living in much closer proximity to the latter.

Thus, while some Southeast Asian countries such as the Philippines and Vietnam balance against China because they must, Singapore balances because it can, and that is partly due to the relative autonomy afforded by the physical distance between them (Leifer, 2000; Goh, 2005; Tan, 2009, 2012). In short, the Singaporean government simultaneously pursues economic bandwagoning and security balancing with China. As Kuik Cheng-Chwee (2008: 11) puts it, "the peculiarity of Singapore's China policy is that it is by design an ambivalent one: warm in economic and diplomatic ties but distanced in political and strategic spheres."

Arguably, it this paradoxical yet pragmatic feature of Singaporean foreign policy that informs the city-state's strategic relations with China. The enormous extent of China's power and influence in Asia cannot be simply disregarded or repudiated by its significantly smaller and weaker counterparts in the region, not in the least Singapore. Similarly, no amount of remonstration regarding China's continuing ascent can reassure Singapore about the nature of future Chinese motives, especially when China's phenomenal growth begins to inconvenience other countries. Thus, Singapore's balancing or as what some scholars refer to as "hedging" strategy with respect to China is designed to be pragmatic in order to prevent its extreme dependence on, and lopsided investment in one major power (Goh, 2005; Kuik, 2008; Tna, 2009, 2012).

However, some observers argue that the city-state's decision to sign a bilateral FTA with the US, along with the subsequent strategic framework agreement, has to do more with proliferation of non-traditional security threats particularly global terrorism than with rising Chinese power (Tan and Ramakrishna, 2004; Kuik, 2008; Tan, 2009, 2012). The absence of territorial dispute between Singapore and China is one indication that the latter does not pose direct military threats to the former. Hence, from the perspective of Singaporean policymakers, the issue of terrorism takes precedence over the issue of rising China, as it is perceived an indirect challenge to the island-state.

Nevertheless, being the typical "anticipatory state," the Singaporean government is worried about what an intensifying Chinese military power could mean to the city-state and the whole Asia-Pacific in the longer run (Ganesan, 2005; Acharya, 2008; Kuik, 2008). Consequently, the country's top leaders attempt to involve the United States in various Asia-Pacific affairs to establish the countervailing force that can balance China. By doing so, Singapore hopes to maintain regional peace and stability. As Goh (in Tan, 2009: 37) noted:

> China is conscious that it needs to be seen as a responsible power and has taken pains to cultivate this image. This is comforting to regional countries. Nevertheless, many in the region would feel more assured if East Asia remains in balance as China grows. In fact, maintaining balance is the overarching strategic objective in East Asia currently, and only with the help of the US can East Asia achieve this.

Given the ambivalence surrounding China's politico-strategic motives and future conduct, developing contingency measures or "Plan B's" becomes a crucial aspect of Singaporean foreign policy. In doing so, Singaporean officials and policymakers are expected to conduct systematic assessments of feasible future scenarios to analyse their probable effects on the city-state amid the growing uncertainties in the region. China's future intent and capacity if left unchecked may undermine regional prosperity and stability; limit Singapore's available policy options; and engender internal conflicts and divisions among ASEAN members that will weaken the organisation's overall cohesion (Kuik, 2008; Acharya, 2008; Tan, 2009, 2012). For obvious reasons, such concerns are anathema to a trading state like Singapore.

Nevertheless, on 3 September 2008, the China-Singapore Free Trade Agreement was signed after eight rounds of negotiations held for two years in Singapore and Beijing.[223] The CSFTA became the first comprehensive bilateral FTA that China signed with another Asian country and was entered into force on 1 January 2009. There is little doubt that commercial considerations have played a crucial part in Singapore's persistent economic engagement of China. For Singapore, economic engagement has been a key strategy for transforming itself into a regional trading hub or nodal point that buttresses the growth and development of economic activities by advanced, industrialised countries (Leifer, 2000; Ganesan, 2005, 2010; Acharya, 2008).

[223] For the full document of CSFTA see Singapore's FTA website, available online at http://www.fta.gov.sg/fta_csfta.asp?hl=27.

Therefore, the CSFTA can be viewed as the logical outcome of a long-standing Sino-Singapore relation that dates back to the 1960s and all through the 1980s, where, in the absence of diplomatic connections, the city-state has vigorously promoted bilateral economic engagements. China's economic opening to the world in 1978 happened to coincide with the economic recession that hit Singapore in 1985. As a response, the Singaporean government established the so-called "second wing" of the national economy at the start of the 1990s, that is, economic internationalisation and regionalisation. The goal was to exploit the expanding economic opportunities in China by complementing its huge market (Chia, 2005; Ganesan, 2005, 2010; Kuik, 2008; Tan, 2009, 2012). Since then, the trade between Singapore and China has steadily grown. China is currently Singapore's largest trading partner in terms of both exports and imports; whereas Singapore is China's 14th largest exporting and 12th largest importing country (WTO-TPR, 2014).

Despite complementary markets, Singaporean firms and enterprises still have to compete with the enormous pool of cheap Chinese labour. To counter this problem, Singapore has recalibrated and retrained its labour force to reduce its dependence on the manufacturing sector while expanding its service sector (Tan, 2009). The idea is to develop strategic niche markets for itself in China by concentrating on areas where it has the comparative advantage and promoting the city-state's reliable business brand. In doing so, Singapore is compelled to explore economic areas that are unfamiliar to the Chinese to avoid head-to-head competition with China in which it would predictably lose. Another vital issue for Singapore as well as other Southeast Asian states is the tight completion for foreign direct investments (FDIs). But as some observers have argued, the threat of FDI competition has been largely overstated given that these ASEAN members, with the inclusion of Singapore, have benefited from economically engaging China (Chia, 2005; Tan, 2009; Ganesan, 2010). Such incompatibilities have underscored the limits to bilateral economic cooperation between Singapore and China despite having a shared culture and relatively close ethnic bond.

Singapore's ambivalent attitude toward China was demonstrated on several occasions. One of which was when Prime Minister Lee Hsien Loong, who at that time was still a deputy prime minister, visited Taipei in July 2004. Some observers have argued that Lee had grossly overestimated the level of pragmatism in China (Ganesan, 2005, 2010; Acharya, 2008). Despite a previous agreement between Singaporean and Chinese officials that "private visits" to Taiwan would not destabilise their bilateral relations,

Lee's most recent trip to the island was met with unusually strong condemnation from the PRC. One of the main reasons was that Chen Shui-bian, the president at the time of Lee's visit to ROC, was the former head of a pro-independence party called the Democratic Progressive Party (DPP). To avoid the further escalation of the crisis, Singapore quickly expressed its deference to China by repeatedly stressing its recognition of, and support for Beijing's One-China policy with respect to Taiwan (Ganesan, 2005; Tan, 2009).

Before this incident, in September 2002, Taiwan urged China not to interfere with its plan to establish a bilateral FTA with Singapore. The call was made amid allegations that China's trade minister had purportedly warned his Singaporean counterpart to abandon all plans for pursuing a free trade deal with the ROC, as it would inevitably enrage Beijing. To be sure, the struggle for negotiating and concluding a bilateral FTA with Singapore and Taiwan continued for a considerable period. In March 2008, a few months after his election as president of Taiwan, Ma Ying-jeou of the Kuomintang Party (KMT), had proposed for the reopening of bilateral dialogues to assess the feasibility of forming an exclusive FTA with Singapore (Dent, 2006; Glaser, 2013). The city-state's reply was again one of deference and compliance, stating that it would only be willing to do so if Taipei abstained from politicising the agreement (Dent, 2006; Glaser, 2013).

On 7 November 2013 – in what some analysts view as Taiwan's emergence on the global diplomatic stage – the bilateral FTA between Singapore and Taiwan concluded. The pact – officially known as the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) – was signed by the Taiwanese representative to Singapore Fadah Hsie and the Singaporean trade representative to Taiwan Calvin Eu during a ceremony held in Singapore.[224] Singapore's Minister for Trade and Industry, Lim Hng Kiang was cautious with his comments about the agreement, noting that: "Companies from both sides are already actively pursuing business opportunities in each other's economies. The agreement will further enhance and deepen trade and investment flows between both sides"(Hsu and Poon, 2013). As for China's position regarding the issue, its Foreign Ministry spokesman Hong Lei had this to say: "Our position on Taiwan's foreign

[224] ASTEP contains 17 chapters which cover: market access conditions for trade in goods; cross-border trade in services; government procurement and e-commerce; cooperation in intellectual property protection; dispute settlement provisions; and issues related to trade rules – technical barriers to trade, rules of origin, foreign investment, competition policies, trade remedies, customs procedures, sanitary and phytosanitary measures, and transparency.

interactions remains consistent and clear. We hope Singapore could abide by the one-China policy and deal with its economic ties with Taiwan in a prudent and proper manner."[225]

These experiences underline the profound pragmatism of Singapore's policy and approach with respect to China. In fact, Singapore's decision to vote in favour of China's accession – in lieu of Taiwan – to the United Nations in 1971 was driven by pragmatic rather than ideological motivations. This was despite its long-standing battle against the Chinese-enthused communist rebellion (Leifer, 2000; Acharya, 2005; Ganesan, 2005). Nevertheless, this policy shift has not totally prohibited Singapore from exploring new economic opportunities, and establishing healthy albeit unofficial political relations with Taiwan. This observation is strongly supported by the successful conclusion of ASTEP, considered by some as "a precarious feat of diplomacy by any stretch of imagination" (Tan, 2009: 39). To a certain extent, such forms of strategic engagement with the Taiwanese government demonstrate Singapore's strength of resolve to act independently in its own interest. This is despite the city-state's "norm" of deferring to Beijing to stabilise Sino-Singapore diplomatic relations.

Singapore's ability to act independently from China should not entirely come as a surprise given that the first major bilateral FTA ever formed in East Asia was between the island-state and Japan called the Japan-Singapore "New Age" Economic Partnership Agreement (JSEPA) that took effect in January 2002.[226] The intensifying strategic competition between Japan and China has largely driven the security-trade linking approach in the Asia-Pacific. Yet, because of some crucial security considerations, China and Japan are being prevented from signing a bilateral FTA with each other, thus thwarting the creation of an East Asian FTA (Aggarwal and Govella, 2013; Lee, 2013). As a result, the two regional powers have competed and continue to compete to attract potential FTA partners particularly in the Southeast Asian region in the hope of improving their status as the primary regional power.

However, China's highly centralised policymaking arrangement has enabled Chinese leaders and policymakers to stay ahead of Japan in this race. Beijing's serious efforts maintaining its FTA with ASEAN may be viewed not only as a strategy to contain the escalating discomfort felt by some Southeast Asian leaders toward China but also to

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[225] Ibid.

[226] For the full JSEPA document,,see Singapore's FTA website, available online at http://www.fta.gov.sg/fta_jsepa.asp?hl=7.

undermine Japan's regional leadership role by placing it on the defensive diplomatically (Lee, 2013). The Sino-Japanese rivalry has engendered a strategic externality that can potentially enhance the economic and security levels of not only Singapore, but the whole Southeast Asian region by allowing them to strike more favourable deals (Mochizuki, 2009; Lee, 2013). From here, the ASEAN region may eventually emerge as an important hub in the Asia-Pacific FTA network, a prospect that Singapore is all too willing to embrace.

5.5 LIMITS TO SINGAPORE'S STATIST SECURITY-TRADE LINKAGES

Several factors influence Singapore's capacity for overcoming its self-consuming strategic paranoia. These are: (i) limits of PAP-centric security framework; (ii) limits of elitist nation-building (iii) limits of deterrence strategy; and (iv) limits of alliance and alignment strategy. The first and second factors represent the internal constraints that sustain Singapore's security complex and vulnerability fetish, whereas the third and fourth factors deal with the external constraints that reinforce them. It is worth noting, however, that these factors are interconnected and therefore overlap with each other. Together, they undermine the defence-upgrading utility of Singaporean free trade activities by exacerbating further the underlying geographic factor.

5.5.1 Limits of PAP-centric security framework

The Singapore case illustrates how the existing political system, the government, and the ruling political party, are fused together to create a single overarching governing entity. Since 1959, the PAP has vigorously promoted the idea that a dominant party system is the most effective model for achieving Singapore's security objectives and economic interests (Mauzy and Milne, 2002; Velayutham, 2007; Barr and Skrbis, 2008; Low and Vadaketh, 2014). Using its impressive track record in providing economic development and preserving social cohesion, the PAP promotes itself as the best candidate for the job. The overwhelming power held by the PAP in all the three branches of government enables the party to blur the lines separating the government and the state (Ganesan, 1998, 2005; Low and Vadaketh, 2014).

In other words, the whole Singaporean city-state and the PAP-led government become one and the same. This implies that the broad-based definition of state interest is co-opted by the narrow-based conception of PAP interest. Hence, Singapore's national security policies and strategies now expediently accommodate the ruling party's ulterior

motives. Such "tripartite fusion" is not unique to Singapore as it also occurs in neighbouring countries such as Malaysia and Indonesia (Ganesan, 1998; Nathan, 1998). In fact, the belief in the importance of establishing a strong central government to develop national resilience and maintain regional stability has become the norm in Southeast Asia (Alagappa, 1998; Ganesan, 1998; Crump, 2007).

However, unlike its former host country Malaysia, the Singaporean government has adopted ethnic neutrality as a policy amid its multiracial society, both for internal and external reasons. As the only "Chinese" state in Southeast Asia, Singapore has usually been treated with suspicion by its predominantly Malay neighbourhood (Ganesan, 1998, 2005; Leifer, 2000; Acharya 2008). Therefore, constructing the Singaporean identity based purely on Chinese ethnicity might be aggressively opposed by a quarter of the island's non-Chinese population.[227] Despite its subscription to ethnic neutrality, the government has promoted Chinese identity, but only insofar as it reinforces socio-political structures and assists in various economic affairs, particularly East Asian investments. When identity discourse threatens to disrupt the existing ethnic balance by instigating nationalist movements with racial undertones, the government acts swiftly to suppress it. By disassociating itself from a particular ethnic group and class, the PAP is able to successfully portray itself as the quintessence of Singapore's communal corporate interests (Ganesan 1998, 2005; Mauzy and Milne, 2002; Low and Vadaketh, 2014).

These communal interests are the foundations of today's Singaporean national identity. An identity is adroitly conceptualised by the PAP's top officials and superficially adopted by the population at large. By constantly reproducing and re-injecting this PAP-manufactured identity, it has become "common sense" or "realism" in Singapore's daily discourse and practice. Put differently, a national ideology has been transformed into a non-ideological and pragmatic apparatus (Ganesan, 1998; Barr and Skrbis, 2008; Ortmann, 2009). In this sense, domestic survival pertains to the ability of the ruling party to counter the growing electoral and socio-political challenges that the government is confronting.

In the 1950s and 1960s, the PAP's clampdown on dissenting parties and oppositional groups was largely a reaction to the security threats induced by the island's unification with the Malaysian Federation (Ganesan, 1998; Vasil, 2000; Mauzy and Milne,

[227] Of Singapore's total population of 5.4 million, the ethnic Chinese formed the majority with 74 per cent of the resident population; followed by the ethnic Malays with 13 per cent; and the ethnic Indians with 9.1 per cent. See Singapore's Department of Statistics, available online at http://www.singstat.gov.sg/statistics/browse_by_theme/population.html.

2002). Nevertheless, this resulted in the depoliticisation of the Singaporean public and the corresponding demobilisation of oppositional politics. The citizens' general disinterest toward politics, coupled with the city-state's remarkable economic performance have helped legitimise the PAP government's monopoly and control of Singapore's domestic political system all throughout the 1970s (Ganesan, 1998; Vasil, 2000; Mauzy and Milne, 2002).

However, since the 1980s the PAP's political "immune system" has shown some signs of vulnerability. In 1981, J.B. Jeyaratnam of the Worker's Party won the election in the Anson constituency and became the first politician from the opposition to win a parliamentary seat since Singapore's independence (Ganesan, 1998). Three years later, the number of opposition members in the parliament had increased to two (Ganesan, 1998). In 1991, the PAP lost four out of the 81 seats to the political opposition, making it the PAP's weakest electoral performance at that time (Ganesan, 1998).

Fast forward to the 2011 general elections, the cracks in PAP's electoral armour had been manifested even more clearly. The regime's 81-seats-to-six victory was viewed as yet another breakthrough, not for the PAP, but for the opposition (Lee and Tan, 2011; Tan, 2014). It gave the worst election results for the ruling party since 1965 in terms of the PAP's share of the popular votes vis-à-vis the number of successful candidates from the opposition (Lee and Tan, 2011; Tan, 2014). The 60.1% votes won by the PAP in 2011 compared poorly with the 66.6% votes they collected in 2006, which in itself upsetting given their 75.3% haul in 2001 (Lee and Tan, 2011; Tan, 2014).

Evidently, the PAP's electoral appeal is experiencing a relative decline based on the downward trend reflected by its percentage of popular votes won during the last three general elections. However, because of the tripartite fusion of the party, state and government in Singapore, the PAP can frame the threats to its political hegemony as threats to the entire city-state. In doing so, the government maintains a PAP-configured domestic political order as a means of addressing the gradual contraction of the ruling party's electoral support base. Domestic order in this context is a euphemism for the regime's political survival. Hence, the government has vigorously pushed for the preservation of a one-party system and has gone to great lengths to promote the idea that Singapore's geo-political and geo-economic viability is largely contingent on the PAP's continued monopoly over power (Ganesan, 1998, 2005; Milne and Mauzy, 2002; Low and Vadaketh, 2014).

Furthermore, Singapore's opposition parties have usually focused on economic issues that enabled them to expand their electoral base rather than on the relatively "taboo" subjects of security that are often shrouded by a veil of secrecy (Vasil, 2000; Mutalib, 2004). This implies that the PAP government enjoys a virtual free pass with respect to the passage and implementation of its security policies and strategies. Its effective control of the bureaucracy, and the vitality with which it has pursued economic stability and social cohesion, has to certain extent, diminished public interest in democratic political participation (Milne and Mauzy, 2002; Low and Vadaketh, 2014). Therefore, it may be argued that the depoliticisation of Singaporean citizenry has retarded the growth of a liberal-democratic civic culture.

In addition, the Singaporean case represents an anomaly to the accepted theory about the pivotal role of the middle classes cultivating and spreading liberal democracy principles within the developing world. The preoccupation of the Singaporean middle class with materialism has side-tracked concerns toward the PAP's repressive rule as evidenced by a circumscribed freedom of expression; restricted freedom of action; highly regulated mass media; and tightly monitored opposition parties (Huang, 2010; Hong, 2012). Given that the middle class seems to have little problem trading off their civil liberty for ensuring their economic comfort, the PAP's security ideology is legitimised further.

Finally, the PAP government has also portrayed itself as a racially impartial technocratic state. The political externalities associated with its "Chineseness" compel Singaporean officials and policymakers to put greater efforts in dealing with the issue of ethnicity within its densely populated territory. The threat of Communalism has been exaggerated by trans-border communal links with Malaysia and Indonesia and what the government considers a widespread anti-Chinese attitude within the two states (Leifer, 2000; Dent, 2001, 2002; Ganesan, 2005; Acharya, 2008). The anxieties felt toward the Chinese minorities in these predominantly Muslim countries have added fuel to the hostility directed toward the city-state. For instance, the relative economic security of the ethnic Chinese communities in Malaysia and Indonesia has paradoxically heightened the insecurities felt by locals, thus making them the targets for various nationalist movements and anti-government protests (Abdullah, 2009; Shiraishi, 2009; Thayer, 2009). Indeed, Singapore has often been perceived as the "Chinese island in a Malay sea," prompting former Indonesian President B. J. Habibie to call it 'a little red dot' (Leifer, 2000; Ganesan, 2005, 2008; Acharya, 2008). The Singaporean government viewed such

comment not only as a dig at its geographic size but also at its 2.8 million Chinese citizens residing within a Muslim neighbourhood. From Singapore's viewpoint, its very existence provokes uninvited scrutiny from nearby countries that seriously undermines its sense of security.

Overall, the island's gnawing external vulnerability provided the PAP with a strong justification for monopolising state power. Surviving outside threats to the city-sate required the establishment of a strong government that was free from electoral challenges and political oppositions. However, as the three-way merging of the party, the government and the state progressed, these linkages have also been transformed. Rather than using external security threats as raison d'être for Singapore's existing political arrangement, the PAP government now argues that domestic political survival via the preservation of the dominant-party system is an essential precondition for ensuring external security.

5.5.2 Limits of elitist nation building

The Singaporean case highlights a nation-building project that has been unapologetically elitist and has developed in conjunction with elite formation. Some experts have argued that the city-state's particular brand of political elitism is largely anchored in Lee's ingenuity and mentality.[228] Lee's definition of the elites as being "at the very top of society and possessing all the qualities needed to lead" underlines their central role in the management of the city-state (Barr and Skrbis, 2008: 9).

Such a claim is evidenced by the huge number of government-owned and controlled private firms as well as the cross-fertilisation of civil service employees and cabinet members on various government-related boards (Barr and Skrbis, 2008; Barr, 2014). Moreover, the synergetic relations between the PAP and trade unions have resulted in a blending of leadership, thereby allowing the elites to control both sides of the capital-labour divide (Trocki, 2005; Benson and Zhu, 2008). In short, virtually all facets of Singaporean society are permeated by the government-allied elites. In rare instances where the organisation was afforded a

[228] The former prime minister's introduction to the English class system; the weaknesses of a supposedly egalitarian society; and his wide-ranging extra-curricular readings at Cambridge particularly Arnold Toynbee's A Study of History, have all contributed to his vision of Singaporean elitism. Toynbee's thesis on the role of the 'creative minority' in steering an entire civilisation became the theoretical basis of Lee's own interpretations of elitism and progressivism within Singapore. See for example, Vasil (2000); Barr and Skrbis (2008); and Barr (2014).

certain amount of space to manoeuvre, the government had strategically shunned all links that might be interpreted as political (Vasil, 2000; Barr and Skrbis, 2008).[229] All of these issues point to the fact that the elites can penetrate the viscera of Singaporean nation building (Worthington, 2003).

Furthermore, the idea that a Singaporean nation-sate function solely on the grounds of meritocracy is increasingly becoming a myth as existing modes of collective understanding lock citizens into synthetic and inflexible racial confines. As such, the city-state is not exactly the synthesis of individual Singaporeans, but the totality of strongly defined ethnic clusters. As Barr and Skrbis (2008: 10) argue:

> Every Singaporean is allocated an official racial designation … This designation is a factor in determining the schools they and their children attend what languages they learn at school; what special help might be available for education; where they live; and which parliamentary constituencies they can contest. Racial classification is the only piece of information on the front of a Singaporean identity card apart from one's name and photograph. In fact, Singaporeans outside the dominant Chinese majority are unlikely to think of themselves as Singaporean without hyphenating their Singaporean nature with their racial marker. Thus, an Indian is more likely to think of himself or herself as an Indian-Singaporean than as simply Singaporean.

While it may be argued that such condition is a side effect of colonial construction within a pluralist society, nevertheless, it has continued even in the post-colonial Singapore despite government attempts at suppressing inter-ethnic tensions.[230] Some observers have underscored the impacts of Lee's social cognisance that was largely influenced by English and Chinese-made ethnic stereotypes and preconceptions prevalent in the 1940s and 1950s (Mauzy and Milne, 2002; Barr and Skrbis, 2008; Mutalib, 2012). Singapore's founding prime minister has often viewed the world as a racial stratum dominated by the "superior" Chinese race. When asked for his opinion about the "x-factor" in development, Lee (in Barr, 2000: 185) answered by citing a parable:

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[229] A classic example was the co-optation of the Association of Muslim Professionals (AMP) that was perceived as a direct competitor of the state's own version of the program called MENDAKI. For more information, see MENDAKI's official website, available online at http://www.mendaki.org.sg/.

[230] For instance, by allowing racially oriented practices such as the public announcement of university results and matriculation based on ethnicity, the government essentially weakened the value of its meritocratic system. For more in-depth discussions of Singapore's meritocracy, see Lai (2004); Velayutham (2007); Barr and Skrbis (2008).

> Three women were brought to the Singapore General Hospital, each in the same condition and each needing a blood transfusion. The first, a Southeast Asian [read Malay] was given the transfusion, but died a few hours later. The second, a South Asian [read Indian] was also given the transfusion but died a few days later. The third, an East Asian [read Chinese] was given a transfusion and survived. That is the X factor in development.

Such a response highlighted the context through which Singapore's political elites view the different facets of government and society. It clearly enunciated the message about the prevailing hierarchy among the Chinese, Malay and Indian Singaporeans. Consequently, the cultural deficit theory has become pervasive among the non-Chinese Singaporeans who are often criticised for their cultural "deficiencies" such as laziness and the lack of drive to succeed (Lai, 2004; Barr and Skrbis, 2008; Mutalib, 2012; Vadaketh, 2012). Thus, despite the official discourse on multiculturalism, the Singaporean society remains inundated by ethno-religious hierarchies that aggravate and maintain ethnic chauvinism. In this sense, meritocracy and multiculturalism serve as smokescreens for concealing the systematic assertion of "Chineseness" in Singapore's multi-ethnic rhetoric (Lai, 2004; Barr and Skrbis, 2008; Mutalib, 2012). The outcome is a racially charged social cognition implanted into the Singaporean psyche, so much so that even in the late 1990s, Lee (in Barr and Skrbis 2008: 10) would unabashedly proclaim that:

> When doing a project [the British] would put the Chinese in the middle and put the Indians at the side, and the Indians were expected to keep pace with the Chinese. There was a hell of a problem, because one Chinese would carry one pole with two wicker baskets of earth, whereas two Indians would carry one pole with one wicker basket between them. Therefore, it's one quarter. Now, that's culture. Maybe it has to do with genetic characteristics, I'm not sure.

Not surprisingly, these ethnic considerations are strongly manifested in the construction and implementation of Singapore's NSPS. First, the PAP government is impenitent in its belief that ethno-religious influences remain crucial elements of contemporary societies especially in Singapore (Mutalib, 2002, 2012; Mauzy and Milne, 2002). Consequently, the country's top political leaders are not very optimistic about the realisation of a united Singaporean nation in the near future. As Lee (in Mutalib, 2002: 43) himself strongly stated:

> If for instance, you put a Malay officer who's very religious and who has family ties in Malaysia in charge of a machine gun unit, that's a very tricky business ... if today the Prime Minister doesn't think about this, we could have a tragedy.

Thus, despite Singapore's existing policy on meritocracy, the disillusionment experienced by Malay and Indian minorities continues to grow.[231] By doing so, the government is effectively undermining its efforts developing and instilling national consciousness among all Singaporean citizens regardless of their race and religion.

Second, Singapore's NSPS also have to consider the city-state's geopolitical status within a Malay-dominated region. As such, the PAP government is hesitant to fully implement an ethnically neutral defence policy and strategy considering its delicate bilateral relations with Malaysia and Indonesia which from time to time are being battered by aggressive pro-Malay and pro-Muslim policies in these countries (Mutalib, 2002; Abdullah, 2009; Gin, 2009; Shiraishi, 2009; Thayer, 2009). However, given the existing discriminatory norms within the Singapore Armed Forces (SAF), the city-state is bound to confront even greater dilemmas in the region. This condition is further aggravated by the affected parties' retaliatory attitude when confuting each other's opinion on sensitive geo-political and geo-strategic issues.[232]

Third, government attempts at retaining Singapore's racial proportionality that has been perpetually dominated by the Chinese reflect the weight of ethnic factor in the configuration of its NSPS. Such an approach results in the further entrenchment of Chinese dominance in virtually all aspects of the republic's defence and security sector, as well as the implementation of governmental initiatives designed to check the declining population particularly among the local Chinese (Mutalib, 2004). In 2013, the PAP government released a white paper

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[231] For instance, Malay soldiers are still barred from sensitive SAF appointments that include the armoury and tank units and front-line combat infantry despite their qualifications. Likewise, comments regarding their supposed 'Islamisation tendencies' offer the government a convenient tool for rationalising such customary practices in the security sector. See for example, Barr and Skrbis (2008); and Mutalib (2012).

[232] When Lee made a derisive statement in 1997 that the Malaysian state of Johor linked to Singapore by a causeway was 'notorious for shootings, muggings and carjackings, Malaysia's then Prime Minister Mahathir Mohammad was quick to criticise the former for being insensitive. The Malaysian media had also condemned Lee and his entire government, claiming that Singapore has had a history of using Malaysia as an excuse for resolving its own internal unity issues. See, Leiffer (2002); Ganesan (2005); Barr and Skrbis (2008); Abdullah (2009).

discussing the importance of maintaining a healthy and sustainable population size for a "dynamic" Singapore.[233] The said document cited controlled immigration as a key strategy for addressing the country's low total fertility rate (1.21 as of 2011) that has been below the replacement rate of 2.1 for more than three decades. Dwindling birth rates coupled with increasing life expectancies inevitably lead to ageing and a shrinking citizen population and workforce, thereby fraying the fabrics of Singapore's national security. Against this backdrop, the country's top political elites have argued that:

> Taking in younger immigrants will help us top up the smaller cohorts of younger Singaporeans, and balance the ageing of our citizen population. To stop our citizen population from shrinking, we will take in between 15,000 and 25,000 new citizens each year. We will review this immigration rate from time to time, depending on the quality of applicants, our birth rates and our changing needs.[234]

Consequently, the influx of foreign workers is expected to continue in the foreseeable future, especially from countries and territories with ethnic Chinese citizens such as China, Hong Kong, Malaysia and Taiwan. In addition, although the easy flow of skilled and unskilled labour into the city-state helps sustain the viability of its domestic economy, such policy affects various facets of Singaporean nation building. Internal issues such as local-migrant cohesion and compatibility; latent xenophobic tendencies due to worsening employment insecurities; and racial imbalances in its increasingly multi-ethnic population, invariably alter the island's security landscape (Mutalib, 2004; Ganesan, 2005, 2009; Velayutham, 2007; Barr and Skrbis, 2008).

5.5.3 Limits of deterrence strategy

Over the decades, Singapore's inclination toward forward defence has undergone vital canonical revisions. From being a "poisonous shrimp" in the 1970s, Singapore's security doctrine had shifted to a so-called "porcupine" strategy at the start of the 1980s.[235] Put

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[233] See, Singapore's 2013 Population White Paper, available online at http://population.sg/whitepaper/resource-files/population-white-paper.pdf.

[234] Ibid: 26.

[235] The idea behind the 'poisonous shrimp' approach is to raise the costs of attacking Singapore to an undesirable level in order to prevent enemies from invading it. However, this outlook started to change in the 1980s when the government adopted the 'porcupine' strategy which is designed not

differently, the city-state had replaced its defensive deterrence policy with a forward defence approach (Leifer, 2000; Acharya, 2008). The new doctrine does not merely accept the inevitability of losing the battle as it now aims for a swift and decisive victory for Singapore, thereby giving the country an image of a contemporary Sparta (Leifer, 2000; Mauzy and Milne, 2002; Ganesan, 2005; Chew and Tan, 2008).

As a modern-day Sparta, the Singaporean government allots 25.0 % of its annual budget on defence on average.[236] In 2013, military spending increased to a staggering $12 billion from $600 million in the 1980s.[237] Singapore's continued high defence expenditures, which in per capita terms far exceed those of its neighbours, has afforded the city-state the most sophisticated weapons systems and military arsenals in the entire Southeast Asia. Such material capability is expected to deter full-blown wars. Establishing credibility, therefore, is necessary for the employment of an effective deterrence. As the PAP government argues (in Chew and Tan 2008: 248):

> We are not just a poisonous shrimp … We do not go on the basis that if somebody attacks us, we will hit them and will hurt them. However, we will go on the basis that we will hit them, and we will be around to pick up the pieces in the end.

The government cites the rapidly transforming global security landscape as the main rationale behind Singapore's highly militarised defence plans. Given the potential impacts of China's rise as a global economic and military power, the city-state recognises the difficult balancing act that it has to master to maintain the security and stability of its immediate environment. Although Singapore has good diplomatic ties with both the US and China, the unstable balance between the East and West puts it in an awkward position. Although Singapore gravitates toward the US both politically and militarily, the city-state progressively relies on China economically (Mauzy and Milne, 2002; Chew and Tan, 2008; Kuik, 2008; Tan, 2009).

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only to inflict intolerable costs on potential aggressors but also to outlast them in the event of a conflict. See for example, Tan (1999); Mauzy and Milne (2002); Matthews and Yan (2007); Lee (2010).

[236] For more details, see Singapore's Ministry of Finance website, available online at http://www.singaporebudget.gov.sg/budget_2015/home.aspx.

[237] Between 2008 and 2012, the Stockholm International Peace Research Institute (SIPRI) ranked Singapore as the fifth-largest importer of military hardware. This accounted for 4.0% of all global weapons imports, and the twentieth biggest arms exporter after a massive jump in trend-indicator value (TIV) to 76 million in 2012 from 12 million during the previous year. For more details, see Stockholm International Peace Research Institute's website, available online at http://www.sipri.org/research/armaments/milex.

Hence, the Singaporean government is cautious when labelling its relations with these two great powers, opting to use the term security partners rather than allies (Leifer, 2000; Ganesan, 20005; Acharya, 2008; Kuik, 2008). However, the absence of permanent allies implies that Singapore must rely on itself for its survival. As such, the country's defence spending is determined by the level of fear and paranoia engendered by the likelihood of being coerced and intimidated by larger powers, and any form of conflict among great powers.[238]

5.5. 4 Limits of alliance and alignment strategy

At the regional level, the PAP government puts a strong emphasis on the importance of the ASEAN in reinforcing and maintaining Singapore's external security. During the 1970s and 1980s, the country's involvement in ASEAN was instrumental in averting the threat of Communism when the region was divided between Communist Indochina and non-Communist Southeast Asia.[239] Today, the ASEAN provides the necessary institutional platform through which Singapore manages its delicate relations with Malaysia and Indonesia by influencing their behaviour toward the "little red dot." As far as state security is concerned, the city-state has obtained enormous benefits from the ASEAN arrangement since its creation in 1967.

At the same time, Singapore's membership in the ASEAN has also enabled its government to address non-traditional security issues that threaten regional peace and development more efficiently such as global and domestic terrorism, piracy, smuggling, illegal migration and the multifaceted environmental problem to name a few. Central to the facilitation of this regional forum is the development of a normative framework necessary for institutionalising convivial relations among its geographically clustered members (Ganesan, 1998, 2005; Leifer, 2000; Acharya, 2008). Largely, this institutional approach runs complementary to the PAP government's deterrence policy. Thus, Singapore has increasingly assigned weight to cooperative strategy that enhances and preserves both internal and external security:

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[238] Singapore currently imposes a constitutional cap on its defence expenditure at 6.0% of its GDP. Although state officials have insisted that its actual expenditure does not reach its self-imposed ceiling, exceeding this limit is not implausible considering the city-state's pursuit of Total Defence. Nevertheless, according to government data, Singapore spent on average 3.3% of its GDP on defence between 2000 and 2013. For more details, see World Bank's website, available online at http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS.

[239] At that time, the ASEAN's security policies were specifically aimed at Vietnam and largely reflected in Singapore's highly aggressive foreign policy stance within the organisation, particularly against the Vietnamese occupation of Cambodia. See for example, Ganesan (1998, 2005); Leifer (2000); Acharya (2008).

> The uncertainties underscore the need to forge personal and institutional links at all levels with the ASEAN countries, building on the foundations that already established. In an uncertain world, ASEAN is the rock on which we must anchor our national survival and progress (in Wong, 2005: 54):

Although the strengthening of ASEAN interdependence is high on Singapore's priority list, the government also stresses that such goals must not interfere with state sovereignty. Hence, opportunities that present "malignant" threats to the political status quo are likely to lead to an impasse, while those that are deemed to carry "benign" threats to state sovereignty are more likely to progress (Acharya 2008; Ganesan 2005, 1998; Koh and Chang 2004; Leifer 2000). Nevertheless, as the city-state marches toward maturity and regional efforts toward political and economic cooperation intensify, the PAP's realist interpretation of national security is gradually softened. Singapore has come to realise that a competitive, zero-sum security outlook does not complement the requirements of a trading state whose survival and progress significantly rely on the general openness and health of both the regional and global trading systems (Milne and Mauzy, 2002; Low and Vadaketh, 2014). After all, facilitating trade and investment agreements with states that are constantly paranoid about their security status yields marginal benefits as they are driven by mutual fear rather than mutual trust.

Accordingly, Singapore entangles itself in the continuously evolving regional security landscape to help facilitate confidence building measures (CBMs) and develop collective norms that are essential to achieving shared security objectives. To this extent, the ASEAN Regional Forum (ARF) provides a good starting point.[240] However, given the differences in strategic culture and philosophy, the likelihood of transforming into a higher-level regional security body similar to those found in Europe is quite slim. Notwithstanding these uncertainties, Singapore is optimistic that regional efforts will help propagate common multilateral security interests that may not be possible under highly disproportionate bilateral arrangements (Suryadinata, 2004; Anthony-Caballero, 2005; Ganesan, 2005). For instance, China's on-going operations to unilaterally expand its territorial claims in the West Philippine Sea highlight the invasive

[240] For more information see the ASEAN Regional Forum (ARF) website, available online at http://aseanregionalforum.asean.org/.

tendency of a regional superpower. Such concern creates an impetus for Singapore and ASEAN members to express their shared interest to balance or at least neutralise China's rising hegemonic propensity.

Meanwhile, at the bilateral level, several factors constrain the relations between Singapore and the United States despite their close alignment. On the one hand, debates concerning Western principles vis-à-vis Asian values are brought to the forefront (Velayutham 2007; Suryadinata 2004). On the other, Singapore's reassuring attitude toward Washington's involvement in the Asia-Pacific region does not necessarily imply that the former aspires to be a member of American-led efforts to restrain China's rising influence (Leifer, 2000; Ganesan, 2005; Acharya, 2008).

From Singapore's standpoint, a clear-cut alignment with the United States does not only jeopardise its vital economic linkages with China that are continuously expanding but also places the country in a precarious situation when conflicts or disagreements between the two superpowers arise (Ganesan, 2005; Pang, 2007; Tan, 2009). Moreover, the PAP government deems it wiser for Singapore to demonstrate certain level of sensitivity toward its neighbours especially when issues concerning the genuineness of American objective; the importance of national and regional self-reliance; and Islamism, become the central points of contention (Suryadinata, 2004; Velayutham, 2007). Thus, in 2003, it was reported that the Singaporean government had rejected the United States' offer to give the city-state a major non-NATO ally (Ganesan, 2005; Acharya, 2008).

Therefore, the PAP government has refrained from explicitly supporting Washington in its covert efforts to "rebalance" the China-centric geo-political and geo-strategic configurations of the Asia-Pacific. Some of the most influential political figures in Singapore have had serious concerns about the overall efficacy of American foreign policy to deflect latent security threats in the twenty-first century. For instance, Lee Kuan Yew had warned about the possible effects of what he thought was an excessive American unilateralism in the global war on terrorism. Lee claimed that Washington's actions could incite costly reprisal from the island's Islamic neighbours (Mahizhnan, 2004; Tan, 2009).

Similarly, Singapore's two former ambassadors had conveyed their apprehensions toward America's genuine interest in the Asia-Pacific during the visit of former US Secretary of Defence Donald Rumsfeld to the country in June

2005. Rumsfeld was criticised by the two diplomats for what they deemed an anti-China position (Pang, 2007). One of them questioned Washington's seemingly hypocritical attitude with respect to China's growing military spending, given that its defence expenditure was higher than the next ten biggest military spenders in the world combined. The other one probed the real motive behind the United States' active endorsement of democracy in Asia: whether it was intended to help or destabilise China in the short run (Pang, 2007). Hence, it would be imprudent to openly support the United States, particularly its war on terrorism agenda as it aggravates the insecurity confronting the city-state and region as a whole (Mahizhnan, 2004; Tan, 2009).

Thus, while Singapore accepts the United States as a strategic partner, it does not shy away from publicly expressing some of its qualms about the probable impacts of American foreign policies. In essence, Singapore is simultaneously interpreting Beijing's position to Washington while guiding the latter towards understanding the former's position. Put differently, while "Singapore assures China that it has a friend who cares about the interests of the Middle Kingdom; at the same time the city-state makes it absolutely clear to the United States why it will not do America's bidding so willingly" (in Pang, 2007: 22).

Evidently, the rhetorical approach to a three-way alignment between Singapore, the United States and China reflects deeper concerns. The uncertainties surrounding the political and economic rise of China prevent Singapore, as well as the other small periphery and semi-periphery countries in the region, from unequivocally aligning itself with Washington to keep their strategic options open. Despite Singapore's long-standing endorsement of American engagement in Southeast Asia and the larger Asia-Pacific region, the two states can be more accurately described as partners rather than allies

5.6 CONCLUSIONS

For a small, pragmatic state like Singapore, the means to survival is through economic growth via free trade vis-à-vis its other complementary neoliberal economic policies. As argued in this chapter, free trade serves as a vital strategy for securing and enhancing Singapore's defence space underpinning its geo-economic and geo-political viability in the twenty-first century. Given its disproportionate dependence on foreign markets, maintaining a high-level market access is a major concern for Singapore to ensure a

sustainable level of economic prosperity. Blocking the country's entry into key international markets will obliterate its export-oriented, entrepôt-operating economy. Thus, the Singaporean government does not only adhere to the principles of free trade, but also strongly promotes it to the targets of its economic diplomacy.

Consequently, Singapore's key foreign economic policies – specifically those concerning FTAs – are designed to alleviate the country's multifaceted insecurities that are engendered by its security complex. The roots of this security complex can be traced back to the earliest phases of Singapore's nation-building process that has been exacerbated and preserved by the PAP regime to legitimise its political perpetuity. To justify the restriction of public participation in policymaking, the PAP had to promote itself as the most qualified party for securing the city-state's collective interests by moving away from highly divisive, factional conflicts. Singaporean leaders have since argued that the delicate nature of the republic's security environment more than warrants their non-observance of democratic processes concerning national security issues.

For a geographically challenged island-country, the existence of a social compact is extremely important to national security (Leifer, 2000; Ganesan, 2005; Barr and Skrbis, 2008). The relatively compliant attitude and quiet acceptance of the population toward the PAP rule is a vital component of this social compact. Such condition underscores the unique status of the PAP within the Singaporean city-state. Unlike its counterparts in other neighbouring countries, the PAP is not only the ruling political party but is also seen as the steward of Singapore's national interests and values (Ganesan, 2005; Barr and Skrbis, 2008; Acharya, 2008). Consequently, it faces little to no opposition in developing and executing domestic and foreign policies particularly those that relate to security and economics. Such condition has not only reinforced the city-state's prevailing political system, but more importantly has blurred the separation between state and PAP interests.

Naturally, the government's pursuit of economic prosperity has become replete with security undertones, given the siege mentality and vulnerability fetish enveloping the island-state. As a result, the Singaporean government has constantly emphasised robust economic performance as the cornerstone of its national security. As discussed throughout the whole chapter, security considerations have been deeply inculcated into Singapore's free trade strategies. Given its near zero tariff rates across the board, the economic gains that Singapore can expect from further trade liberalisation are limited. Due to its preoccupation with survival, the city-state has attempted to bolster its

economic interdependence with various countries, both big and small, to reduce insecurity by linking its security interests and free trade objectives. Such strategy has moved in both intra-regional and trans-regional directions.

On the one hand, Singapore has courted the regional powers – specifically China and Japan – to deflect the security threats occasionally posed by its relatively large Islamic neighbours. This is despite initial antagonism faced by the island-state from other ASEAN members, who argued that bilateral FTAs prevent them from reaching the goal of creating an ASEAN Community (Koo, 2013; Lee, 2013). On the other hand, Singapore has also been very active in forging bilateral trade relations with great powers outside the East and Southeast Asian regions. The main rationale behind this is China's rise as a global power. Notwithstanding Beijing's assurances about the benign nature of anticipated Chinese "hegemony" in the near future, Singaporean leaders and policymakers are still uncertain about China's real intentions in the region.

Hence, Singapore has aggressively negotiated bilateral FTAs with trans regional powers, specifically the United States. From Singapore's viewpoint, a strong US military presence will strengthen Washington's security commitments in the Asia-Pacific amid a heightened regional tension, which happens to coincide with China's re-emergence on the international political scene. The Singaporean government has effectively interwoven a goal of national security with the goal of "reinforcing a nation's cohesion, regime legitimacy and world prestige through economic prosperity" (Lee, in Dent 2001: 6).

Chapter 6

TRADING IN VAIN: THE PHILIPPINES' HUMANIST SECURITY-TRADE LINKAGES

6.1 INTRODUCTION

The highly uneven development of the Philippine economy has been a long-standing threat to its national security. The country had earlier on served as a model economy for many of the neighbouring states after posting one of highest per capita incomes among the Asian economies during the post-war period. In fact, between the 1950s and 1960s, the Philippines' per capita income was the highest in the whole of Southeast Asia.[241] However, things took an unexpected turn in the 1970s when the country's economy was suddenly overtaken by Thailand and Taiwan (Balisacan and Hill, 2002, 2003; Hill and Piza, 2007). Its dramatic fall from the top continued in the 1990s after China and Indonesia both eclipsed its economic performance (Manacsa and Tan, 2012). Since then, the Philippines economy has never quite recovered, earning it unenviable titles such as the "sick man of Southeast Asia" or "East Asia's stray cat" (Noland, 2000; White III, 2015).

At the crux of Philippine lopsided economic development, is a deeply entrenched patronage system ruled and maintained by powerful Filipino oligarchs.[242] Such type of politico-economic arrangement has engendered institutionalised inequality and structural poverty that both present significant threats to the Philippines' supposedly human-centric national security policies and strategies. Yet from the point of view of the Philippine government by articulating the country's lopsided economic development as a threat to national security, in essence it is forging a development-based security paradigm. As the incumbent President Benigno Aquino III stated (in NSC, 2010: 31):

[241] For more details, see the Bank's World Development Indicators, available online at http://data.worldbank.org/indicator.

[242] Jeffrey Winters (2011: 6) defines oligarchs as the "actors who command and control massive concentrations of material resources that can be deployed to defend or enhance their personal wealth and exclusive social position." Accordingly, an oligarch's ultimate goal, according to Winters (2011: 6) "is to secure, maintain, and retain his or her position of extreme wealth and power against all manner of threats." In Aristotle's formulation, the poor define democracy as the rule, whereas oligarchy is the rule of the wealthy few. Nevertheless, Winters (2011: 11) argue that democracy and oligarchy "can coexist indefinitely as long as the unpropertied lower classes do not use their expanded political participation to encroach upon the material power and prerogatives of the wealthiest." In other words, the two systems are compatible for as long as the two realms of power do not clash. While oligarchy "rests on the concentration of material power,"democracy "rests on the dispersion of nonmaterial power" (Winters 2011: 11).

> If the government is able to make good on the promise of taking the high road, the *"Ang Daang Matuwid,"* then it must be sure that the people are afforded every opportunity to pursue their individual dreams of a better quality of life – all under the consideration of national security where the welfare and well-being of the people are of primordial consideration.

Unfortunately for the Philippines, oligarchic forces have adeptly harnessed the neoliberal economic policies designed to enhance economic development, particularly free trade. The elusiveness of trickle-down effects from GDP growths can be explained by the lack of "political will" to challenge the elites' stranglehold over the Philippine political economy. Consequently, the country's experience with trade liberalisation has not transformed the Philippine economy into a more equitable one due to the perverse culture of patronage politics. The twin problems of poverty and inequality undermine the government's supposedly development-oriented security rhetoric and agenda.

This chapter critically analyses the Philippines' use of free trade in securing and enhancing its development space amid the economic insecurities engendered by the oligarchic factor.[243] The term "development space" in this context specifically refers to the capacity of the Philippine government to independently formulate and effectively implement development policies against the backdrop of a deeply-embedded oligarchic system that breeds and sustains patronage politics. The sections explore the different facets of the country's imbalanced economic development vis-à-vis the preservation of the country's oligarchy-oriented policies in the twenty-first century.

By systematically blocking social-equalising policies that curtail oligarchic wealth, national wealth is perpetually entrapped within the elite strata of the society. Neo-patrimonial culture in the Philippines is rife and underpins a bipolar society that allows few families to enjoy the unjust excessiveness of wealth while simultaneously forcing the majority to resign themselves to existing poverty and inequality. Hence, despite the government's all-inclusive security slogan that emphasises equitable economic development, its security blueprint faces critical limitations that frustrate this goal. These limits have contributed to the country's lacklustre experience with free trade, which in turn, has highlighted the multiple failures of the Philippine political economy.

In light of this, I attempt to answer the following sets of questions. First, why does the Philippines link its humanist security interests with free trade activities? Given the existing oligarchic factor, how does free trade (at bilateral, minilateral and multilateral

[243] Appendix 4 provides an up-to-date list of Philippine FTAs.

levels) affect the Philippines' remaining development space? Second, why does the government continue to maintain the oligarchic system despite the country's uneven economic development? What are its implications for the Philippines' domestic politics? Third, what are the factors that limit the capacity of free trade for securing and enhancing the Philippines' development space? How do they influence the prevailing structural poverty vis-à-vis institutionalised inequality in the country?

Plan of the chapter

The chapter is divided into six sections. In Section 6.1, I provided the context through which the Philippines' humanist security-trade linkages in the twenty-first century will be examined. I argued that against the backdrop of an oligarchic factor, one of the primary referents of the Philippines' national security is its diminishing development space. The country's uneven economic development has become an existential threat to the well-being of individuals and societies. Accordingly, government leaders and policymakers have started paying attention to the humanist components of national security, rather than focusing solely on its statist elements.

However, despite the grand pronouncements about the importance of equitable economic development in enhancing national security, the Philippine political economy remains highly oligarchic and patrimonial. Thus, it is important to examine whether the government is genuinely concerned in addressing the poverty and inequality conditions in the country or is only paying lip service to the electorally popular idea of a people-centred security framework. The Philippines' experience highlights some of the strongest cases againstu progressive and unabated free trade. The system is considered to have done little to alleviate structural poverty and institutionalised inequality.

In Section 6.2, I briefly examine the conditions underpinning the Philippines' uneven economic development. I provide preliminary insights about the importance of economic engagements – mainly via free trade – to achieve a more just and equitable level of economic growth necessary for mitigating the problems of structural poverty and institutionalised inequality.

In Section 6.3, I discuss the results from the key informant interviews (KIIs) conducted with Filipino officials as part of the research fieldwork. The objective is to provide a general understanding of why the Philippines' humanist security interests and trade activities are being linked together, and how these linkages influence the survival of the island nation in the twenty-first century. The interviews have focused on the three

main aspects of the Philippines' security-trade nexus: (i) its national security policies and strategies; (ii) its free trade activities and agreements; and (iii) the relationships between these two variables. This dialogue is crucial to determining the discrepancies between the Philippine government's rhetoric and action, and state and non-state perceptions.

In Section 6.4, I evaluate the impacts of the Philippines' free trade activities on its overall level of development space. I focus on the role of free trade as a double-edged strategy that simultaneously expands and contracts the country's development space by expanding its domestic economy, and reinforcing oligarchic vis-à-vis patronage systems. To do so, I analyse three crucial aspects of free trade that the government has failed to properly consider, namely: (1) failure of "good" trade intentions; (2) failure of "good" trade theories; and (3) failure of "good" trade negotiations.

In Section 6.5, I investigate some of the key factors affecting the utility of free trade for securing and enhancing the Philippines' existing development space, including: (i) limits of "patrimonial" democratisation; (ii) limits of "patrimonial" administrations; (iii) limits of one-size-fits-all economic policies; and (iv) limits of bureaucracy. The objective is to find out the potential consequences and ramifications of these factors on the Philippines' humanist security-trade linking efforts, and from there, evaluate the country's capacity to overcome its oligarchic system vis-à-vis patronage culture. In doing so, I explain why the Philippines government has largely maintained the current structure of its political economy despite the twin problems of structural poverty and institutionalised inequality.

Finally, in Section 6.6, I conclude by arguing that the Philippines' oligarch-oriented political economy exacerbates the highly uneven economic development in the country. The highly corrupt patronage culture that such an arrangement engenders runs in direct contrast to the government's people-centric national security model that emphasises a more equitable and inclusive economic development. Through strategic exploitation of the country's free trade mechanisms, the Filipino oligarchs can maximise not only their economic power but also their political influence even at the expense of worsening poverty and inequality conditions. The wealth of the nation has remained in the hands of the very few elites by preventing the passage of social-equalising policies. Finally, where political institutions are frail, differences in leadership styles and methods may have considerable effect on the political outcomes. However, the Philippines case illustrates the transmutation of state power into a powerful apparatus that is using currencies and threats to secure oligarchical interests.

6.2 THE SCOURGE OF UNEVEN ECONOMIC DEVELOPMENT

Today, a significant percentage of the Philippine population think of themselves as poor. Self-rated poverty (SRP) ranges from 50.0% to 54.0% between 2004 and 2010; while self-rated hunger (SRH) averages to more than 20.0% for the same period.[244] By the end of 2013, SRP has increased to 55.0%, while SRH has doubled to 41.0%.[245] Its median SRP threshold, that is, the minimum monthly budget with which Philippine households will not consider themselves food-poor, is estimated at US$109.0 for Metro Manila; US$82.0 for balance Luzon; US$91.0 for the Visayas; and US$73.0 for Mindanao.[246]

Pervasive inequality in the country reinforces the socio-economic insecurities felt by poor Filipino families on a daily basis. Such inequality is manifested not only in income terms but also in non-income terms such as the unequal access to various public goods and services (ADB, 2007, 2009; Son and San Jose, 2009; Tabuga and Reyes, 2011). The country's relatively stable Gini index underscores the difficulty resolving this problem as conditions of inequality remain virtually unchanged since the 1960s (ADB, 2007, 2009; Son and San Jose 2009). Over the last thirty years, the curve has fluctuated within a very narrow band of 0.44 and 0.48 (ADB, 2007, 2009; Ofreneo, 2012).

Decomposed inequality in 2009 revealed that more than 90.0% resulted from inequality between individuals within each region, while less than 10.0% was caused by differences in mean per capita income or expenditure across regions (ADB, 2009). Moreover, the data from 2009 showed that the income of the top 1.0% of families in the Philippines was equivalent to the aggregate income of the bottom 30.0% (ADB, 2009).

Clearly, the concern is the widening gap in average welfares and human achievements among households within and across regions. The disparity emerges from huge differences both in ownerships of physical capital and possessions of human capital (ADB, 2009; Son and San, Jose 2009; Tabuga and Reyes, 2011). These figures simply imply that wealth distribution in the country has not improved. Although the average per capita income may have increased in absolute terms, Filipinos have not equally shared the fruits of economic progress. For instance, a huge part of the national income ($US6.6 billion) between 2003 and 2006 went to private corporations instead of private households ($US5.23) (NAPC, 2010).

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[244] As of 2014, SRP is estimated at 11.8 million while SRH is estimated at 8.8 million as of 2014. For more details, see Social Weather Stations website, available online at http://www.sws.org.ph/.
[245] Ibid.
[246] Ibid.

Despite a string of policy reforms introduced since 1986, the country's tale of structural poverty and institutionalised inequality has remained largely predictable over the years.[247] A central component of these structural adjustments related to tariff reform agendas prescribed by the WTO. The Philippines was heading toward the adoption of policies designed for the unilateral liberalisation of its key economic sectors. The principal driving force behind the aggressive liberalisation of Philippine trade was the failure of import substitution strategy to bring about competitive levels of development through industrialisation (Clarete, 1999, 2005; Cororaton, 2000; Habito and Cororaton, 2000). The restructuring of tariffs was first initiated in 1981 when the government rationalised its existing protectionist measures to a narrower band to better manage price distortions induced by trade barriers, on the one hand, and improve the overall efficiency in resource allocations based on the logic of comparative advantage, on the other (Clarete, 1999, 2005; Malaluan, 2011). Then where did it all go wrong?

6.3 THE PHILIPPINES' SECURITY-TRADE NEXUS: VIEWS FROM THE TOP

Table 5: Summary of key informant interviews in the Philippines [248]

[247] Based on the Medium-Term Philippine Development Plan (MTPDP), the policies and reforms pursued since the restoration of democracy broadly fall into the following areas: "monetary and fiscal reforms for restoring and maintaining macroeconomic stability; trade, industrial, and financial reforms for improving economic efficiency and competitiveness; governance reform and decentralisation for improving the effectiveness of the national and local governments; and social policies and programs for fighting poverty, improving income distribution, and achieving the Millennium Development Goals(MDGs). These policies and reforms are embodied in a number of initiatives or programs implemented since 1986, including: trade liberalisation, tariff reduction and accession to the WTO; fiscal consolidation and tax reform; creation of an independent central bank with inflation targeting as a key policy tool; privatisation of several government owned and - controlled corporations; power sector restructuring and reform; comprehensive agrarian reform; banking sector reform and capital market development; devolution of public services delivery to local government units; and declaration of poverty reduction as the overarching development goal and commitment to social programs for poverty alleviation and achieving MDGs." For a full copy of the document, see the National Economic Development Authority's website, available online at http://www.neda.gov.ph/?p=1128.

[248] Filipino representatives from three different sectors participated in the interviews to provide comments and insights on the Philippines' security-trade nexus in the twenty-first century. The selected participants are all practitioners and experts in their respective fields. While their views do not necessarily encapsulate the whole gamut of arguments, nevertheless, they are crucial for painting a more general understanding of the Philippines' security-trade linking efforts. They are the following:

	On National Security	On Free Trade	On Security-Trade Nexus
National Security Council (NSC) *Ms. Carmina Acuna* (Director)	We must recognize the importance of incorporating peoples' interests in the national security policy by framing people-centered security issues more prominently in the agenda	Since the approach to national security policies should be holistic, we must also consider nontraditional threats to security that may arise from various situations or activities that affect individuals and communities such as the implementation of free trade agreements	Balancing between the freedom from fear (traditional) and freedom from want (nontraditional) dimensions of national security is very hard and the idea of free trade may or may not accomplish this
Strategic Planning Office (SPO-NSC) *Dr. Lorenzo A. Clavejo* (Director)	National security is not purely statist. The constitution clearly states that the duty is to protect both the people and the state	We need to reflect on our wherewithal, that is, to put our defenses where our interests lie, be they strategic through partnerships and dialogues or economic through trade liberalization	The key is to convince the rest of the bureaucracy to invest in security-enhancing strategies both traditional – through enhanced military capabilities; and non-traditional – through effective trade policy formulations
Third World Studies Center (TWSC) *Dr. Maria Ella Atienza* (Former Chair)	The key to security, particularly human security, is to situate the individuals within a particular community. Each community has its own sets of security threats	Human security deals with the threats that prevent people and communities from achieving human development due to wide-ranging threats not only violent military conflicts but also unfair and unjust free trade practices	The promotion of fair and just trade can contribute to human security by benefiting the poor
Center for Asia Pacific Studies (CAPS) *Dr. Clarita Carlos* (President)	The pivotal actor in defining national security in the Philippine context is no longer exclusively the state as it is becoming more and more localized	The country is a ship that must go somewhere but we are not seeing that because that somewhere is not defined whether in terms of governance, security, trade or all of the above.	The West has a penchant for defining the East. This is very clear from the ways in which the conditions for free trade and international security are being framed
University of the Philippines School of Economics (UPSE) *Dr. Ramon Clarete* (Dean)	The overconcentration of wealth due to oligarchy is a major security concern, specifically, economic security	Free trade agreements are opportunities that the country needs to grab. It will be a mistake if we shy away from these. We cannot cry because of double standards as there are no benefits from crying	Trade liberalization is still the key to economic integration enhancing global security, and therefore, national security

6.3.1. On the Philippines' national security

The main theme that has emerged from the interviews regarding the national security concept in the Philippines is the need to shift from a state-centric security agenda to a more people-centered one given the rapid proliferation of non-traditional threats that undermine the quality of life among individuals and communities. That is, from state security to human security. Although there is no special cabinet or council that defines what the national interest should be, the Philippine Constitution articulates the importance of protecting not only the country's national sovereignty and territorial integrity but also the citizens against internal and external threats. As such, the National Security Council (NSC) defines national security as "a state of condition where the country's most cherished values and beliefs, democratic way of life, institutions of

(i) Miss Carmina Acuña, Director at the National Security Council; (ii) Dr. Lorenzo Clavejo, Director of Strategic Planning Office at the National Security Council; (iii) Dr. Maria Ella Atienza, Former Chair of Third World Studies Center; (iv) Dr. Clarita Carlos, President of Center for Asia Pacific Studies; and Dr. Ramon Claret, Dean of the School of Economics, University of the Philippines-Diliman. In the first part of each interview, the participants discussed their general views on the concept of national security in Singapore [do you mean the Philippines Michael?]. In the second part, they discussed this security concept in relation to the country's participation in various free trade activities. In the last part, the informants discussed the linkages between the country's security considerations and free trade objectives. This section does not provide an in-depth analysis of each statement provided by the participants. The main arguments presented in this section are thoroughly discussed in Section 4 and Section 5. As mentioned, the main objective of this section is to present an overview of Singapore's [do you mean the Philippines Michael?] security interests and predicaments, on the one hand, and free trade initiatives and engagement strategies, on the other.

governance and unity, welfare and well-being as a nation and people are permanently protected and continuously enhanced."[249] As Carmina Acuna points out:

> Unlike in other departments, the NSC approach to security policies is more holistic. We must recognise the importance of incorporating peoples' interests in the NSP by framing people-centred security issues more prominently in the agenda. In all of the NSC reports, we inject the implications of every policy recommended on the people. The fact that the Chief-of-Staff of the Armed Forces of the Philippines (AFP) is not included in the NSC membership is meant to stress the supremacy of civilian authorities over the military. The NSC serves as the President's principal advisory body on the proper coordination and integration of plans and policies affecting national security. At the end of the day, its goal is to arrive at the best policy, that is, the "optimum security policy." Ironically, retired military officers are usually appointed to assume the post of the NSC Secretary General acting concurrently as the National Security Adviser (NSA). Even the head of the National Intelligence Coordinating Agency (NICA) that provides intelligence support to NSC comes from the military sector. So the problem is the adoption of an appropriate approach for implementing the objectives relating to human security. That is, how do we uphold the human security definition? [250]

This growing interest in the human dimension of national security is highlighted by reports being published by the Philippines' Military which state that the country is not facing immediate threats of aggression from other states in the short to medium-term (DND, 2006; AFP, 2007, 2008). Consequently, efforts are now directed toward the containment of internal security threats as they continuously shape the government's security policies, strategies and plans. In other words, the country's concept of national security is not purely statist. After all, the Constitution, according to Acuna clearly states that the duty is to protect both the people and the state.[251] However, the immediate question that comes to mind is which should come first: the protection of the state or the protection of the people? Lorenzo Clavejo offers one possible answer:

> During the Martial Law years, the protection of the state was the primary duty of the military. The main object of security was the protection of the Marcos regime. The 1987 Constitution attempted to change this by emphasising the security of the people rather than the state. Hence, the military must protect the people and not the state. In short, the sum total is about people empowerment. Of course, the irony is that it appears the primacy of

[249] Interview with Director Carmina Acuna on 25 January 2013 in Quezon City, Philippines.
[250] Ibid.
[251] Interview with Dr. Lorenzo Clavejo on 4 February 2013 in Quezon City, Philippines.

> human security over state security is not upheld. Take for instance the Philippine Human Security Act (HAS) of 2007, which plainly talks about an anti-terrorism agenda. Yet, human security is more than just terrorism. The only reason the term human security was used was because the crafters of RA No. 9372 wanted it to sound more holistic and comprehensive. So rather than using the term 'anti-terrorism', they used human security. Needless to say, the HSA should be reviewed and reconsidered in the context of changing environment. The concept of human security is extremely important. It is an expression of our leaders' perspective on how to engage with different existential threats. But the problem is that it is being immediately challenged. It is not being given a chance. We are trying to catch up with the rest of the world but we also try to pull each other down. [252]

Critics and observers have often argued that the basic problem of human security is that it is one of those empty catch phrases. The key to security, particularly human security is to situate the individuals within a particular community since each community has its sets of security threats.[253] In Ella Atienza's words:

> The lack of precise and concise definition of human security prevents the term from being used in the country's official national security policy documents. It is an end goal and at the same time, an approach to human development. In the Philippine context, human security is anchored on a number of elements, particularly economic security, which also affects food security and health security.[254]

Clearly, the pivotal actor defining national security in the Philippine context is no longer exclusively the state as it is becoming more and more localised. [255] As Clarita Carlos argues:

> Security and comfort are cousins, which is to say that a person or a community's level of security is correlated to a level of comfort, and vice versa. Moreover, security is age-cohort sensitive. It changes over time. By bringing the security language vis-à-vis its agenda from high politics to low politics, we can increase both its level and scope. In doing so, the habits of cooperation and cordiality must be properly observed. While I am glad that we are moving forward to people-centred security, however, I have to emphasise that its meaning must be based on the point of view of the one experiencing it. In other words, there is no one size fits all policy. What is precious to you may not be precious to others.[256]

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[252] Ibid.
[253] Interview with Dr. Maria Ella Atienza on 11 Janaury 2013 in Quezon City, Philippines.
[254] Ibid.
[255] Interview with Dr. Clarita Carlos on 12 Janaury 2013 in Quezon City, Philippines.
[256] Ibid.

However, in the Philippines' context one particular source of human insecurity stands out – the primacy of oligarchic elite ruling over the political and economic spheres of the country. In the words of Ramon Clarete:

> The over concentration of wealth due to oligarchy is a major security concern, specifically, economic security. These people are rich not because they're hardworking but because they were born with it. Money went to them without any sweat. We are so used to doing what we are doing now even when we can gamble. Entrepreneurial risks are not as aggressive as we expect them to because of the arrangement. As a result, opportunities do not happen for both the people and the economy as a whole. [257]

Based on these statements, a more holistic approach to framing the national security rhetoric is now being adopted in the Philippines. A central feature of this so-called holistic national security is the emphasis on the human-centric elements of security. Several local projects focusing on the development of the human security discourse have already been carried out by various sectors in the years following the UNDP's introduction of the concept in 1994. For example, the Philippine Human Development Report has defined human security as the freedom from fear, want and humiliation in the context of an ideology-based armed conflict (UNDP, 2005). The report argues that human security is a right in itself. The people's range of options is significantly broadened through this means. Human development is the condition that enables citizens to freely and safely make those choices. In other words, human security is the external precondition necessary for achieving human development. Individual and community insecurities inevitably lead to state insecurities (UNDP, 2005).

Meanwhile, a local NGO named *Tabang Mindanaw* has proposed a justice-based human security framework, which underlined the injustice against marginalised sectors rather than structural poverty as the main culprit for armed conflict (Atienza et al., 2010). Such conceptualisation requires the implementation of a three-stage process: (i) acknowledging the existence of inequalities; (ii) investigating why such inequities arise; and (iii) developing responsive institutions to fight injustice. According to the group, the successful completion of this process enables human security to supplement state security, advance human rights and promote human development.

[257] Interview with Dr. Clarete on 17 Janaury 2013 in Quezon City, Philippines.

Lastly, the Third World Studies Centre (TWSC), an academic think-tank based in the University of the Philippines-Diliman, has formulated a human security framework based on four fundamental principles: (i) emphasis on community security over individual security; (ii) resource entitlement; (iii) plurality of understanding; and (iv) the underlying interconnectedness among a range of human security dimensions (Atienza et al., 2010). It explores the various dimensions of human security based on the perceptions and experiences of individuals in the community; principal stakeholders; legislators; and marginalised sectors in selected conflict areas in the country (Atienza et al., 2010). The concept is adopted in the creation of the human security index (HSI) designed to measure the scope and magnitude of human security critical to processes of conflict prevention and peace building in the Philippines.

All this highlights the humanist dimension of national security as defined in the Philippines' context. Such conceptualisations illustrate how the country's national security rhetoric has been progressively redefined as the government embraced a more people-centred outlook with respect to its primary referents. Regrettably, the Philippines faces persistent problems – in particular, a highly imbalanced economic development – that threaten the government's integrated approach to national security. As will be argued in the proceeding sections, many of these problems are rooted in the "patron-client relationships" underpinning the Philippine political economy.

6.3.2 On the Philippines' free trade

Acuna posits "since the approach to national security policies should be holistic, we must also consider non-traditional threats to security that may arise from various situations or activities that affect individuals and communities such as the implementation of free trade agreements."[258] In support of this assertion, Clavejo remarks that "we need to reflect on our wherewithal, that is, to put our defences where our interests lie, be they strategic through partnerships and dialogues or economic through trade liberalisation."[259] Similarly, Atienza argues that "human security deals with the threats that prevent people and communities from achieving human development due to wide-ranging threats not only violent military conflicts but also unfair and unjust free trade practices."[260] The biggest problem, however, according to Carlos is that:

[258] Interview with Director Carmina Acuna on 25 January 2013 in Quezon City, Philippines.
[259] Interview with Dr. Lorenzo Clavejo on 4 February 2013 in Quezon City, Philippines.
[260] Interview with Dr. Maria Ella Atienza on 11 Janaury 2013 in Quezon City, Philippines.

> … the Philippines does not appreciate the need for a framework document that will serve as the basis of its decision-making processes. To use an analogy, the country is a ship that must go somewhere but we are not seeing that because that somewhere is not defined whether in terms of governance, security, trade or all of the above. The former President Marcos used to have that notion of 'future Philippines' – like a ship moving forward beyond a president's term. But we all know what happened to him.

Clarete's supposition suggests that this lack of long-term vision on the part of the government may be due to the country's reactive attitude.[261] This is particularly evident when analysing the government's inept strategy (or the lack thereof) for negotiating FTAs with key trading partners:

> Without trade liberalisation, there will be inbreeding of production, leading to smuggling. FTAs, therefore, are opportunities that the country needs to grab. It will be a mistake if we shy away from these. The main concern relates to the ineffectiveness of the government in pushing for the complementary programs necessary to the FTAs. We need to make a decision on what kind of industries have to be pushed and evaluate the requirements for these in terms of infrastructures, as well as regulatory policies. If we don't, then we are bound to repeat the same mistakes that we did in the past, accumulating huge trade deficits and not being able to create more jobs. But it is challenging to do that again due to oligarchic influences.[262]

Consequently, the adoption of policies toward economic liberalisation in the Philippines, particularly with respect to free trade, has not given rise to a competitive liberal economy. Domestic markets that have been borne out of the country's trade liberalisation policies are installed and controlled by few oligarchic families. Indeed, the erosion of state capitalism has paved the way for the emergence of oligarchic capitalism comprised of small cartels of political and economic elites (Karadag, 2010). Such an arrangement dilutes the state's infrastructural power as bureaucratic institutions are gradually subsumed by the patronage system that has become a defining character of Philippine political economy (Hutchcroft and Rocamora, 2003; Quimpo, 2009, 2014; Manacsa and Tan, 2012; Hodder, 2014).

The institutionalisation of inequality vis-à-vis structural poverty has allowed these powerful Filipino families to marshal support from the lower sections of the population during election periods while simultaneously employing non-democratic

[261] Interview with Dr. Clarete on 17 Janaury 2013 in Quezon City, Philippines.
[262] Ibid.

methods for containing grassroots mobilisation that destabilises the elite-driven patronage system. The result is a highly imbalanced development of the Philippines' economy. The shrinking of the country's development space poses greater threats to the economic security of individuals and communities excluded from the oligarchs' zone of affluence. Rather than serving as an engine for national development, free trade has largely served the interests of the few "national" oligarchs.

6.3.3 On the Philippines' security-trade nexus

For Acuna, "balancing the freedom from fear (traditional) and freedom from want (non-traditional) dimensions of national security is very hard and the idea of free trade may or may not accomplish this."[263] This sentiment is shared by some of the local analysts who argue that the management of free trade in the Philippines has been far too aggressive for its own good (Bello, 2004, 2005; Malaluan, 2011). To some extent, the country has been a pioneer in embracing free trade principles. A quick look at the country's tariff profile reveals tariff reforms that are far more aggressive relative to other developing countries in the region, particularly in agriculture.[264]

Despite this, trade outcomes in the Philippines are still inferior compared with neighbouring economies such as Thailand, Malaysia, Vietnam and China.[265] Not surprisingly, opponents of free trade have emphasised its failure to generate export revenues despite the substantial reductions to import substitutions which only further aggravated poverty conditions in the country due to a significant loss of jobs (Bello, 2004; Clarete, 2005). Hence, Clavejo insists "the key is to convince the rest of the bureaucracy to invest in security-enhancing strategies both traditional (through improved military capabilities) and non-traditional (through effective trade policy formulations)."[266] Although Atienza believes "the promotion of fair and just trade can contribute to human security by benefiting the poor," however, the reality is that the present conduct of free trade in the country has created a significant number of losers.[267] In Malaluan's rather poignant reflections (2011: 8-9):

> These are the poorest and most vulnerable segments of the population that no one bothers to look at. They are the segment of labour unable to find jobs with decent pay in the harsh

[263] Interview with Director Carmina Acuna on 25 January 2013 in Quezon City, Philippines.
[264] Ibid.
[265] Ibid.
[266] Interview with Dr. Lorenzo Clavejo on 4 February 2013 in Quezon City, Philippines.
[267] Interview with Dr. Maria Ella Atienza on 11 Janaury 2013 in Quezon City, Philippines.

> conditions of competition under trade liberalisation. They are the growing number of informal settlers in the cities, trying to escape non-paying agriculture. They are the large number of informal workers crowding city streets at any time of the day in search of odd jobs.

For Carlos, the problems that the country is facing with respect to international trade are a by-product of the Westphalian system, which was the basis for creating nation-states such as the Philippines.[268] Carlos suggests that:

> The West has this penchant for defining the East. This is very clear from the way security agendas and trade policies are framed and implemented. The West should stop defining the East. If we do not move away from a western notion of security, vis-à-vis strategies for implementing our trade policies, then we are in for the same thing. So we have to be really careful with the operationalisation of these terms, as well as in choosing the indicators the will be used to gauge them.[269]

Nevertheless, amid the surmounting trade backlash, Clarete remains faithful to the doctrines of free trade, arguing that "trade liberalisation is still the key to economic integration enhancing global security, and therefore, national security."[270] As far as Clarete is concerned, "the government's primary motive for liberalising the country's highly protectionist trade regime has been the attainment of efficiency levels necessary for making Filipino consumers – the people – better off."[271] As he fervently argues albeit quite cynically:

> With regard to the seemingly unfair practices and double standards prevalent in the WTO, what we have to understand is that we always use each other. We just have to deal with it. That is realpolitik. We do not get everything. We cannot cry because of double standards since there are no benefits from crying. We win some and we lose some. Sometimes governments bend multilateral rules to address political problems domestically. Is that good? If someone complains then we will have to deal with it.

To summarise, based on the interview accounts, the one of the primary referents of national security in the Philippines is its contracting development space. At the root of the Philippines' highly unbalanced economic development lies a deeply-entrenched

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[268] Interview Dr. Clarita Carlos on 12 Janaury 2013 in Quezon City, Philippines.
[269] Ibid.
[270] Interview with Dr. Clarete on 17 Janaury 2013 in Quezon City, Philippines
[271] Ibid.

patronage system controlled and preserved by powerful Filipino oligarchs. Such a politico-economic arrangement has led to structural inequality and institutionalised poverty that undermines the government's supposedly people-centric national security policies and strategies. The oligarchic forces have even skilfully harnessed free trade policies designed to achieve more inclusive economic developments.

By methodically shirking social-equalising measures that cut into the oligarchs' assets (for example, expropriating land for free redistribution, providing higher wages and benefits, and paying progressive taxes), the wealth of the nation is perpetually ensnared within the upper reaches of the society (IBON, 2011). Consequently, very few families relish in excessive wealth and comfort, while the rest are trapped in chronic poverty and systemic inequality (Hutchcroft and Rocamora, 2003; Quimpo, 2009, 2015; White III, 2014).

6.4 TRADING IN VAIN: THE PHILIPPINES' HUMANIST SECURITY-TRADE LINKAGES

For the devoted advocates of free trade, the Philippine economy has come a long way since its accession to the WTO in 1995. The country's relatively open trade regime has been instrumental in achieving significant economic gains. Between 2005 and 2011, the Philippines has registered: an annual real GDP growth rate of 5.0%; a moderate average inflation rate of 5.0%; and a surplus in external account partly due to high remittances inflows of about 10.0% of GDP. Furthermore, according to the WTO, "growth has been broad-based across private consumption, investment, and exports, and was helped by fiscal stimulus implemented in 2008 and 2011 in response to the global economic crisis" (WTO-TPR, 2012:1). In 2010, the Philippines was the world's 37th largest exporter of goods and the 27th largest exporter of services (WTO-TPR, 2012).

Furthermore, as one of the founding members of the Association of Southeast Asian Nations (ASEAN), the Philippines has committed to the establishment of the ASEAN Economic Community (AEC) by 2015.[272] A key component of the AEC is the facilitation of ASEAN FTAs with various partners aside from the ASEAN Free Trade Area (AFTA).[273] Thus, through its membership in the ASEAN, the Philippines has been able to negotiate and implement FTAs with key countries particularly in the Asia-Pacific,

[272] For more information on the ASEAN Economic Community, see the ASEAN website, available online at http://www.asean.org/communities/asean-economic-community.

[273] For more information on AFTA, see the ASEAN AFTA website, available online at http://www.asean.org/communities/asean-economic-community/item/asean-free-trade-area-afta-an-update.

including: the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA, 2010); the ASEAN-China Free Trade Area (ACFTA, 2010); the ASEAN-India Free Trade Area (AIFTA, 2010); the ASEAN-Japan Free Trade Area (AJFTA, 2008); and the ASEAN-Korea Free Trade Area (AKFTA, 2010). [274] In addition, the country has also successfully concluded its bilateral agreement with Japan in 2008 under the so-called Japan-Philippines Economic Partnership Agreement (JPEPA).

However, for the staunch critics of free trade, the term "multilateral punishment" best describes the remorseful experience of the Philippines in the WTO (Bello, 2004: 3) According to them, the country's membership in this multilateral institution has led to sheer catastrophes that adversely affected both its politico-economic and socio-cultural arrangements (Malaluan, 2011; IBON, 2014). Virtually all the drawbacks and externalities predicted by those who opposed the country's membership to the WTO had materialised (Bello, 2004, 2005). Moreover, the amendments made in the Philippines' Constitution designed to accommodate the WTO rules work mainly in favour of the huge multinational and transnational corporations (Bello 2004; IBON, 2013).

Thus, proponents of the de-globalisation thesis argue that one of the side effects of WTO membership has been the corrosion of national sovereignty (Bello, 2005; Altman, 2009). The manner in which the country's legal system is realigned to complement WTO preconditions has undermined the function of free trade as an engine for industrialisation. By doing so, critics have argued that the government has joined an institution that is not only blind to development but is also non-democratic and non-transparent in its decision-making procedures (FGS, 2003; IBON, 2013). Effective control is monopolised by big trading powers through a process called "consensus" which in practice has severely marginalised the small and weak trading countries like the Philippines (Bello, 2005: 4).

Three crucial aspects of free trade have been gravely overlooked by the government, which resulted in the country's lacklustre performance: (i) failure of "good" trade intentions; (ii) failure of "good" trade theories; and (iii) failure of "good" trade negotiations.

6.4. 1 Failure of "good" trade intentions

[274] For more details on each FTA, see the ASEAN FTA website, available online at http://www.asean.org/communities/asean-economic-community/category/free-trade-agreements-with-dialogue-partners.

From the perspectives of most Filipino technocrats the progressive elimination of distortive protectionist mechanisms through unilateral reductions of tariff and non-tariff barriers will lead to the adoption of world market prices in the domestic economy (Clarete, 1995, 2005; Habito and Cororaton, 2000; Wignajara et al., 2011). Domestic firms will be subject to a highly competitive market environment dominated by industrialised economies, which will compel them to develop efficiency-enhancing strategies to withstand external competition and remain relevant in their respective industries. From the trade policymakers' standpoint, the main motive for transforming the country's highly protectionist trade regime into a more liberalised one is to achieve high levels of efficiency that make Filipino consumers better off.

Hence, the Philippine government had initiated a three-phase trade reform schedule designed to stimulate the performance as well as enhance the competitiveness of its lethargic economy by maintaining a low and nearly uniform tariff rate. In Phase 1 (1981 and 1985) the Tariff Reform Programme (TRP) was introduced to narrow the tariff band from 100-0% to 50-10% (Clarete, 2005). This was accompanied by the espousal of the Import Liberalisation Programme (ILP) intended to abolish all non-tariff import mechanisms, but was temporarily suspended in the midst of mounting political pressures in the country toward the end of the Marcos regime (Habito and Cororaton, 2000; Cororaton, 2004; Clarete, 2005). Nevertheless, Phase 2 was launched in 1991 with the implementation of the Executive Order 470, which further narrowed the range of tariff structure by clustering the commodities within a tariff scale of 10.0% to 30.0% (Clarete, 2005). Finally, Phase 3 entered into force in 1994 with the introduction of a four-tier tariff rate classification: 3.0% for "non-endemic" raw materials and capital equipment; 10.0% for "endemic" raw materials and capital equipment; 20.0% for intermediate goods; and 30.0% for finished products (Clarete, 2005).

Ex-ante simulations using a fifty-sector computable general equilibrium (CGE) were conducted to predict the effects of having a freer trade on the Philippine economy after its WTO accession. Initial assessments of tariff restructurings showed a 2.3% cumulative impact on real GDP (Cororaton, 2004; Clarete, 2005). Statistical findings also suggested that although there would be a relatively small reduction in the employment level, specifically in service and agricultural sector, nonetheless, the number of jobs that would be created in the more competitive manufacturing sector would more than offset this loss (Cororaton, 2004; Clarete, 2005; Aldaba, 2012). The predicted increase in real GDP would lead to more efficient income distributions and therefore, would make the

poorest quintile income groups the biggest gainers by receiving the largest share of the GDP growth (Habito and Cororaton, 2000; Clarete, 2005). In short, ex-ante results had verified the optimistic claims made by the chief proponents of WTO membership and the pursuit of trade liberalisation in general.

Critics, however, have expressed their scepticism toward these findings by emphasising some of the serious threats that it could pose to the economy. They argue that domestic producers do not possess the required minimum capacity to compete with industries from the advanced economies (Bello, 2004, 2005; Wignaraja et al., 2010, 2011). Although free trade creates some winners, their numbers are smaller than those that are forced out of their businesses. Displaced workers will then face significant adjustment costs as they search for new job opportunities and attempt to develop the required skills for these new jobs (Malaluan, 2011; IBON, 2013). For instance, the abolishment of protectionist measures in the manufacturing sector will force local firms to shut down operations, thereby leading to higher unemployment rates that aggravate poverty conditions (Wignaraja et al., 2010, 2011). Similarly, intensified competition in the agricultural sector will drive down the prices of local produce in domestic markets and result in a higher incidence of poverty in rural areas due to reductions in income (Mangabat, 1999; CETIM, 2000; Malaluan, 2011).

These concerns have proved to be legitimate given the significant discrepancies between forecasted and actual outcomes from implementing low, nearly uniform tariff rates upon the country's accession to the WTO. Contrary to the positive results derived from the ex-ante analyses of trade liberalisation, ex-post assessments showed only a fractional positive adjustment (Cororaton, 2004, 2008; Clarete, 2005). With respect to merchandise trade, results obtained from the ex-post assessments based on secondary data differed from those that came out of ex-ante CGE analyses. For most of the period covered in the ex-ante CGE analyses, imports have exceeded exports, which indicated a trade deficit because of trade liberalisation (Cororaton, 2004, 2008; Clarete, 2005). In addition, rather than showing a fairly diverse exports basket from a huge number of industries, ex-post assessments revealed a concentration of exports in very few industries (Clarete, 2005; Lim, 2009; Usui, 2011; Aldaba, 2012, 2013).

6.4.2 Failure of "good" trade theories

First, in terms of production, ex-post assessments revealed the manufacturing industry would be a part the problem rather than a solution to job reductions in agriculture and

services contrary to initial reports obtained from ex-ante simulations (Cororaton et al., 2005; Clarete, 2005; Aldaba, 2012, 2013). Theoretically, trade liberalisation would shift the resources from industries rendered uncompetitive by the lowering of import restrictions to those that would survive the increased market competition. However, in the case of the Philippines the shares of various manufacturing sectors to total manufacturing production hardly changed (Habito and Cororaton, 2000; David et al., 2007; Aldaba, 2012). In other words, the configuration of the merchandise sector remained largely stationary even during the period of aggressive tariff reduction. Therefore, the evolution of the country's production space would suggest that although its exports basket may have become more sophisticated, industrial diversification has stagnated over the years (Clarete, 2005; Aldaba, 2012, 2013).

Second, with respect to employment, ex-post analyses showed the service sector generating jobs at an annual rate of about 4.5%, thus making it the biggest source of labour in the country (Clarete, 2005; Cororaton and Cockburn, 2006; Serrano, 2008). In fact, since 1988, the service sector has created more jobs for Filipinos compared to the agriculture and manufacturing sectors. For instance, between 1995 and 2010, an estimated 10.3 million new jobs were created (ILO, 2014). Out of this total, 46.9% came from services; 37.4% from agriculture; and only 15.7% from industry (ILO, 2014). Although both the agriculture and industry sectors continue to generate jobs, however, they usually fall short of the required levels particularly in the rural areas (ADB, 2007; David et al., 2007). Based on the percentage of Filipinos joining the labour force, an estimated one million jobs per year has to be created to allow improvements in household incomes; greater efficiency in domestic markets; and ultimately, reduction in poverty levels (ILO, 2014).

Third, concerning development, the population's per capita income, in general, has remained relatively constant even years after implementing its tariff reform programmes (ADB, 2007; UNDP, 2012). Put differently, the average Filipino's standard of living has remained roughly the same since 1995. Even though per capita income slightly dropped from $1,173 in 1980 to $1,165 in 2001, the proponents of trade liberalisation argued that this could not suggest that a more liberalised trade made the country either better or worse off (Clarete, 2005; Cororaton et al., 2005; ADB, 2007). Indeed, per capita income could have substantially diminished had tariff reforms not been pursued and the Philippines continued to be a non-WTO member. For the staunch critics of neoliberal policies, per capita income would have significantly improved had

trade protection been maintained or perhaps even intensified (Bello, 2005; Malaluan, 2011). Nevertheless, for the Filipino policymakers in favour of free trade, the positive trends reflected by other development indicators including life expectancy at birth and literacy rates are attributable to its relatively open trade policies. For instance, life expectancy has increased from 61.3 years in 1980 to 68.5 years in 2010 (UNDP, 2010). Similarly, the population's literacy rate has also improved as the percentage of illiterate Filipinos dropped from 12.21% in 1980 to 4.58% in 2010 (UNDP, 2010).

Fourth, and lastly, the mediocre performance of Philippine exports according to ex-post assessments could be substantively explained by the high transaction costs rather than the difficulties related to market access (WTO-TPR, 2005, 2012; ADB, 2007). More specifically, the country's inability to enhance its efficiency mobilising products from the production points to the markets has significantly contributed to the underperformance of the Philippines' export industries. In other words, the problem was more logistical in nature given the lack of responsiveness on the part of the Filipino exporters to the changing demands of importers of the country's goods and merchandise. The Philippine experience has provided a clear illustration of how transaction costs could potentially weaken, if not reverse, the expected positive net effects of lowering trade protection rates on resource allocations. It showed that reduction in import restrictions did not automatically lead to the efficient redistribution of resources to export-oriented industries due to substantial levels of transaction costs as opposed to being zero (WTO-TPR, 2005, 2012; ADB, 2007).

The inability of various ex-ante and ex-post analyses to reasonably predict the impact of free trade on the Philippines' economy have led the critics to claim that the government's decision to abandon its import substitution policies has further aggravated conditions of poverty and inequality conditions because of a significant loss of jobs (Bello, 2004; Malaluan, 2011; IBON, 2013). Thus, as far as the opponents of free trade policies are concerned, the Philippines' experience proves that trade liberalisation is not a straightforward solution to asymmetric development, but only perpetuates structural poverty and institutionalised inequality in the country.

6.4.3 Failure of "good" trade negotiations

The Philippines' lack of central agency responsible for the formulation and implementation of its free trade goals and objectives creates inefficiencies that constrain benefits, including: (i) turf mentality among government offices; (ii) limited capacity for

trade research; (iii) blurring of authority delineations; and (iv) absence of suitable mechanisms for consultations and feedbacks (Pasadilla and Liao, 2005; Wignaraja et al., 2011).

First, representatives from various line agencies comprising the Tariff and Related Matters (TRM) Committee show symptoms of turf mentality that prevents the formulation of complete and cohesive cross-industry trade strategies (Pasadilla and Liao, 2005). A misplaced competitive spirit often dominates inter-agency dialogues, which undermine efforts toward the facilitation of a more cooperative environment. The TRM members have developed a rather strange outlook that forces them to protect the industry that they are representing at all costs, regardless of its effect on other industries and the economy as a whole (2005; Aldaba, 2012, 2013; Abad et al., 2012). Rather than advancing the country's collective trade interests, they insist upon the protection of their respective sectors, which leads to sub-standard proposals and inferior outcomes. In other words, a better-equalised national position is traded over narrowly defined sectoral motives. Accordingly, identifying priority industries has become highly politicised since all representatives demand preferential treatment for theirsectors.

Second, the absence of a clear-cut mandate and delineated lines of authority formulating trade policies has ultimately resulted in misunderstandings and the grave misuse of national resources (Pasadilla and Liao, 2005). For one, going beyond the committee's collegial nature in order to make and implement difficult decisions on highly contested issues can be very problematic (Abad et al., 2012). In addition, due to resource constraints, unqualified members from different line agencies are sometimes tapped to represent the country in bilateral trade negotiations (Nye, 2011). Given their lack of negotiating qualifications and limited experience with the language and practice of international trade, they usually end up conceding to agreements that are unfavourable to the country's economic well-being. This problem was highlighted during the JPEPA negotiation rounds where the inexperienced Filipino negotiators agreed to nontrade-related demands solicited by their Japanese counterparts, but rejected by the veteran trade representatives (Pasadilla and Liao, 2005; van de Haar, 2011). Such practice inexorably places the Philippines at a disadvantaged position without realising the costs. This highly fragmented delineation of authority leads to a loss of institutional memory, which further underlines a lack of fit between the system and the country's trade activities.

Third, aside from the problem of disjointed coordination, the Philippines government is also severely restricted by its limited resources for various kinds of trade research (Pasadilla and Liao, 2005; Abad et al., 2012). The lack of financial resources for enhancing the technical capacities of concerned agencies to conduct extensive studies on trade policies undermines efforts toward effective negotiations. Government agencies responsible for the formulation of trade policies lack the necessary skills and knowledge for understanding the complex dynamics of international trade negotiations. One of the more serious effects of this problem is the reliance on line agencies for the research funded by private-sector lobbyists that do not necessarily provide accurate findings and credible recommendations given their stakes in these particular trade issues (Pasadilla and Liao, 2005; Abad et al., 2012). The derisory treatment of numerous trade matters results in incomplete understandings about the ramifications of different agreements that the government is signing or has previously signed.

Fourth, the presence of a strong top-down influence with respect to policy formulation enables lobbyists to exploit multiple power centres in various segments of the government (Pasadilla and Liao, 2005). The systematic involvement in policy planning processes is overwhelmed by the clientelist method adopted by powerful industrialists designed to capture the votes of Congress and other key figures in the executive branch (de Dios and Hutchcroft, 2003; Nye, 2011). This type of political climate breeds disillusionment on the part of trade policymakers given the patron's wherewithal to reverse or thwart decisions that have been scrupulously formulated by a committee at the stroke of a prominent official's pen. As such, patronage politics breaks the shield that is supposed to "immunise" national trade strategies from unwarranted external pressures. Moreover, resolutions that have been fervently debated between inter-agency committees can easily be upended, which causes sluggishness in the TRM mechanism (Pasadilla and Liao, 2005). Government officials usually have a hard time standing their ground given their self-acknowledged limitations when confronted by representatives from private sectors who have a sense of entitlement.

Lastly, and perhaps most disappointing, the Philippines' trade sectors lack significant level of awareness about the breadth and depth of the country's involvement in free trade (Pasadilla and Liao, 2005; Wignajara et al., 2011). Ironically, despite the stakes, local industry players often do not have well-defined goals about to the concessions that they wish to gain from the Philippines' various trading partners. The failure to properly set expectations concerning preferential access to foreign markets

represents a missed opportunity on the part of Filipino industrialists to positively contribute to the development of effective trade policy strategies (Abad et al., 2012; Aldaba, 2012, 2013). While this may be gradually changing, the Philippines' trade orientation remains largely defensive. Put differently, the government vis-à-vis industrial players are more concerned about how to best safeguard their domestic interests rather than finding ways to more effectively exploit foreign markets.

However, improving the overall process of trade policymaking in the country is far from being a panacea. For better or worse, the Philippines' trade positions and strategies still rest in the hands of elected officials since they are a function of the country's national priorities. The success of various trade negotiations, along with their actual impacts on the domestic economy, is contingent upon the general quality of the domestic polity and the choices that the government makes. Thus, while the institutionalisation of trade policy mechanisms may indeed help much still depend on the head of state's overarching vision for the nation.

6.5 LIMITS TO THE PHILIPPINES' HUMANIST SECURITY-TRADE LINKAGES

Several factors influence the Philippine government's capacity for overcoming the deeply-entrench oligarchic factor permeating the country's political economy. These are: (i) limits of "patrimonial" democratisation; (ii) limits of "patrimonial" administrations; (iii) limits of one-size-fits-all economic policies; and (iv) limits of bureaucracy. The first and second factors represent the direct influences of the Philippines' oligarchic system vis-à-vis its patronage culture toward the country's uneven economic development. The third and fourth factors represent the indirect influences of an oligarchy-driven and patronage-based political economy that further aggravates structural poverty and institutionalised inequality in the country. However, it is worth noting that these factors are all interconnected, and therefore, overlap. Together, they undermine the development-upgrading utility of the Philippines' free trade activities by further reinforcing the underlying oligarchic factor.

6.5.1 Limits of "patrimonial" democratisation

The decision of the American colonial regime to transplant its own brand of representative democracy into an economic arrangement dominated by the landed oligarchs has enabled the latter to seize control of the country's democratic institutions and procedures (Manacsa and Tan, 2012; White III, 2015). In doing so, the United States set aside the policies that had the potential to transform the Philippine polity into a more

level playing field. Consequently, the domestic political space had been insulated from revisionist agendas espoused by various social factions.

Therefore, the government's capacity for independent actions had been curtailed by the oligarchic groups attempting to amass public power to protect their vested interests (Villacorta, 1994; McCoy, 1994; Hutchcroft, 1998). In addition, the "re-democratisation" process that took place immediately after the end of Martial Law had simply led to the reinstallation of a pre-Marcos political order (Quimpo, 2009, 2015; Manacsa and Tan, 2012; Hodder, 2014). The upshot is that the reproduction of elite authority has further subjugated the Philippines' political economy – the *sine qua non* for the country's highly asymmetrical economic development. Despite the introduction of various democratic institutional reforms, the underlying oligarchic force is still able to permeate and saturate the Philippine government vis-à-vis bureaucracy.

The question therefore is, why and how does oligarchic power overcome state power? Throughout Philippine history, a few very influential families owning huge corporations and vast lands have ruled the government. The American strategy for consolidating power throughout the archipelago had enabled the elites to further expand their economic interests via political appointments (Krinks, 2002; Manacsa and Tan, 2012). In the process, these families have exploited the country's public goods and resources and this continues to fuel institutionalised corruption. Several infamous terms have been used to describe the country's pitiful politico-economic condition such as "anarchy of families"; "booty capitalism"; "non-substantive democracy"; "ersatz capitalism"; and "cacique democracy" (McCoy, 1994; Anderson, 1998; Hutchcroft, 1998; White III, 2015). The obvious incapacity of the government to 'immunise' itself from oligarchic manipulation has significantly helped to maintain and exacerbate the country's uneven development.

When the United States' colonial regime decided to erect political agencies to facilitate electoral contestations in the Philippines, the elite clans consolidated their powers to give birth to a national oligarchy instead of a national government (Anderson, 1998). Such a system has bred what the Filipinos now call *trapos*, a pejorative term that is being used to describe traditional "dirty" politicians (Magno, 1995; Manacsa, 1999; Eaton, 2003). These *trapos* are deemed responsible for the "reverse accountability" in Philippines' politics by holding the individual voters accountable for electing their respective patrons into power in exchange for favours that are either provided in the past or promised for delivery once elected (Hutchcroft, 1998; Quimpo, 2009, 2015; Hodder,

2014). In this scenario, peasants and the labourers' interests are being co-opted by the landlords' personal preferences. Thus, it may be inferred that voter support for patrons is largely a function of the latter's "own interests, rewards for loyalty, and the fear of vengeance" (Linz, 1975: 260).

Even the implementations of disastrous economic policies endorsed by some top government officials and policymakers have eventually been manipulated to protect the interests of Filipino oligarchs. To this extent, the Philippines' uneven development is not simply a matter of constantly choosing the wrong policies to implement, but rather the result of conscious efforts by rent-seekers to maintain them despite their damaging effects on the rest of the country. A perfect example was the implementation of import substitution industrialisation by the government after its independence from the United States in 1946 (Ranis, 1974; Bautista, 1989; Lim, 2001).

In contrast to the export-oriented strategy launched by the East Asian countries that led to annual per capita GDP growth of 6.0%, the Philippines had chosen to implement the ISI and became the worst performing economy in the region (Sarel, 1994). Although the ISI promotion may have been an honest mistake on the part of the Filipino technocrats, the oligarchs' general disinterest in rectifying such an error underlined their tendencies to exploit all profit-maximising policies, both good and bad. Thus, several critics have argued that despite its problems, the ISI policy was maintained because it could widen the space for oligarchic predation (Quimpo, 2009; Manacsa and Tan, 2012; Hodder, 2014).

Moreover, the "policy of attraction" introduced by former U.S. governor-general, William Howard Taft (originally intended to entice the landlord class to collaborate with the American forces rather than joining the revolutionary factions) had transformed the economic elites of the Spanish-colonial era into political elites, which now control Philippine politics (Hutchcroft, 2008: 142). Since representative institutions have emerged prior to the development of a strong republic, political parties have become "convenient vehicles of patronage that can be set up, merged with others, split, reconstituted, regurgitated, resurrected, renamed, repackaged, recycled, refurbished, buffed up or flushed down the toilet anytime" (Quimpo, 2005: 4-5). Paul Hutchcroft (1998: 18-21) has used the term "neo-patrimonial" to describe this type of political economy where the rent-seekers emerging from a bureaucratic capitalist system can control formal state structures from the outside. The unique Filipino customs of "giving for gratitude" and "labour for loyalty" have also complemented these prevailing patron-

client relationships, thereby maintaining the omnipotence of the oligarchic elites (Grossholtz, 1964). The Philippines government has continued to operate within this context from one administration to another since the country had gained independence from the United States.

As the Philippine case has illustrated, a patrimonial state that allows oligarchical relations and interests to dominate bureaucratic systems creates a hunting ground for the unrestricted accumulation of personal wealth (Weber, 1978). Therefore, creating a new constitutional framework that replicates a pre-Martial Law system within a relatively unchanged economic arrangement is not only futile, but also counterintuitive to any prospect of change. It seems that neither regime change nor democratisation in the Philippines has significantly helped mitigate the oligarchs' influence over state affairs, particularly concerning decisions involving the domestic economy. Consequently, a strongly developed Philippine republic has yet to emerge (Manacsa and Tan, 2012; White III, 2015).

6.5.2 Limits of "patrimonial" administrations

The Marcos administration

Even the infamous episode of authoritarianism in the Philippines through former President Ferdinand Marcos' Martial Law in 1972 did not overcome the elites' vice-like grip of the state. Instead of freeing the state from the shackles of oligarchic control, Marcos had merely regrouped the existing personal-clientelist networks and made himself its overarching patron. Through the imposition of new political frameworks, access to power at all levels became contingent on the patronage of autocracy and, therefore, eliminated all of the antagonistic and unserviceable sections (Magno, 1995). The Philippine neo-patrimonialism under the Marcos era had taken a new face as it transformed into a highly personalistic, sultanatic regime.[275] This prevented the emergence of a strong state that had the wherewithal to oppose systematic oligarchic predation (Quimpo, 2009, 2014; Manacsa and Tan, 2012).

A critical part of Marcos' version of patronage politics was the replacement of the old oligarchy with a new one by creating opportunities and public positions for the latter group, while simultaneously blocking the former group. Notwithstanding his anti-

[275] Juan Linz defines the sultanatic regimes as authoritarian and based on personal ideology and personal favour to maintain the autocrat in power. As such, there is little ideological basis for the rule except personal power. For a further discussion of sultanatic regimes, see Chehabi and Linz (1998).

oligarch rhetoric, Marcos developed his own personalised patronage system, sequestering the powers and possessions of his elite enemies and transferring them to his elite friends (Manacsa and Tan, 2012; Hodder, 2014). In other words, the authoritarian regime had simply reversed the position through which the new oligarchy could pillage the state from the inside rather than from the outside.

The Aquino administration

Regrettably, even with the institution of a new Charter during former President Corazon Aquino's administration, Filipino officials and policymakers still failed to develop a strong, visionary state. Ironically, the re-democratisation of the Philippines' bureaucracy had simply led to the renaissance of the pre-Marcos patronage system (Manacsa and Tan, 2012; Tusalem and Pe-Aguirre, 2013). The post-authoritarian system had several crucial features that effectively stifled the genesis of a developmental state in the Philippines. First, the first-past-the-post approach to selecting the new president made it difficult to achieve a significant level of voters' support (Franco, 2001; Teehankee, 2002; Manacsa and Tan, 2012). Therefore, obtaining a mandate for vital national political and economic policies became unnecessarily strenuous and confounding. Second, the 1987 Constitution did not stimulate the establishment of ideology-based political parties with clear-cut programmes designed to achieve a specific long-term vision for the Philippines (Teehankee, 2002; Quimpo, 2005, 2014). Instead, the new Charter simply laid the groundwork for the bourgeoning of disposable political parties stripped of any moral aspirations to serve the interests of their respective constituencies.

Evidently, the Marcos regime had failed to overcome the politico-economic wherewithal of the old oligarchy, which had survived momentary disruptions to "private" state affairs. Therefore, end of the Marcos dictatorship signalled not the beginning of a new Philippines' political economy, but the refurbishing of the old oligarchy's political apparatuses for bureaucratic exploitation. The reopening of political offices in the country's capital led to the manufacturing of parties that were dedicated to the promotion of the "dynastic interests" of a few oligarchic families (Gutierrez, 1994). Not surprisingly, these newly developed parties showed the usual symptoms of old patronage politics, that is, "reliance on coalitions of local elite, non-ideological character, and shifting membership" (Hutchcroft and Rocamora, 2003: 278). This partly explains why the elections since Marcos' demise have never resulted in the creation of a definitive

electoral mandate that is necessary for institutionalising and legitimising a coherent and viable national politico-economic agenda (Manacsa and Tan, 2012; Hodder, 2014).

Furthermore, the existing three-year term for the House Representatives and various local government officials further aggravated the problem of developing stable political alliances and policy continuity amid a weak political party system in the country. Access to patronage has become the primary impetus for forming a party, thereby making the political process a mere bargaining tool for negtiating coalitions based on individual and/or group identities (Hutchcroft, 1998; Manacsa and Tan, 2012; Hodder, 2014). Such a system reinforces the *balimbing* or turncoat attitude that characterises the Philippine socio-political culture (Magno, 1995; de Dios and Hutchroft, 2004; Balisacan and Hills, 2007).

Lastly, the administration's failure to formulate, ratify and enact two very vital laws – the land reform programme and anti-dynasty law – had significantly undermined Aquino's capabilities to overhaul the Philippines' political economy. The traditional landed elites succeeded gaining access to the legislature, which delayed progress even more due to the "uneven application, slow adjudication of cases, and the government's inability to finance the compensation to landlords as stipulated in law" (de Dios and Hutchcroft, 2003: 52). Influential political clans also successfully prevented the enactment of any constitutional banning of political dynasties, which led to the exploitation of the highest local and national electoral posts (Manacsa and Tan, 2012; Tusalem and Pe-Aguirre, 2013). Thus, to some extent, it can be surmised that Aquino's ultimate aspiration (intentionally or unintentionally) was to simply replicate the Philippines' conditions – political, economic and social – before the declaration of Martial Law. That said, the most jarring concern with such a myopic thinking was the utter disregard for behaviours and practices that gave birth to subjugating patronage politics in the past.

The Ramos administration

Former President Fidel Ramos, Aquino's 'anointed one' and successor, initiated the "Strong Republic" rhetoric when addressing the problems generated by political elitism (Rivera, 1994; Villacorta, 1994). Ramos believed that the oligarchic control of political power had engendered an economic order that enabled a very few influential families to extract wealth from the national economy with little or no limits (de Dios and Hutchcroft, 2003). In contrast to a government driven by a neo-patrimonial culture, the

strong state is able to independently pursue national interests that are not solely contingent on the demands of a specific class or group. Under the former arrangement, there was no incentive for political actors to develop structures that promoted domestic accountability and fair competition given that their loyalty was devoted to their own patronage. From Ramos' standpoint, a country that is attempting to build a strong state does not need to be authoritarian as long as the bureaucracy is professional, accountable, transparent and dedicated to securing the long-term national vision rather than short-term economic interest (Hutchcroft, 2008; Manacsa and Tan, 2012).

Therefore, central to the rise of a strong Philippines' state is the emergence of revisionist political leaders that have resolved to keep the markets free from oligarch predation. However, politicians often discover that the adaptation to democratic practices is much easier than the transition to free market policies. Put differently, it is more problematic to organise markets than to organise elections (Huntington, 1992; Teehankee, 2002; Quimpo, 2009, 2014). Consequently, politicians are compelled to rely on patron-client relationships, which invariably lead to larger public deficits and higher levels of corruption, thereby distorting incentives (Kerkvliet, 1995; Hicken, 2011). Given that the country's decision-makers themselves are guided by their idea of public good, the state cannot be expected to accommodate and transform polarising social demands into public policies (Eisenstadt and Roniger, 1984; Skocpol, 1985). Put bluntly, inclusive growth can only occur if the ruling elite want it – that is, if inclusive growth endows them with greater power. Otherwise, they will oppose it (Carney, 1989; White, 2009).

In the end, Ramos, just like his own patron Aquino, had failed to initiate key reforms that could have made the bureaucracy more resilient against political patrimonialism. Left without a choice, Ramos embraced traditional political customs and practices in order to put forward his own political agenda (Manacsa and Tan, 2012). In short, the Ramos administration merely continued an enduring neo-patrimonialism in the country (Villacorta, 1994). Consequently, the state remained powerless to harness the benefits of intensifying economic liberalisation because of the absence of any critical institutional change in the system.

The Estrada administration

Conditions surrounding the Philippine political economy deteriorated even further under the leadership of former President Joseph Estrada after he won the 1998 presidential elections. With 40.0% of the voters casting their ballots in his favour, Estrada's pseudo-

populist government had convincingly denounced the culture of oligarchic politics with the help of his "*Erap para sa Mahirap*" (Erap for the Poor) campaign slogan (Macapagal and Nario-Galace, 2003: Hedman, 2010). Estrada vowed that under his leadership, no influential social entity – be it kinfolk or friends – will be given special privileges (PCIJ, 2003; Manacsa and Tan, 2012). Largely, Estrada had succeeded inspiring the lower classes of the Philippines who willingly bought the idea that the "president of the masses" had finally arrived – from their favourite local movie theatres to the Malacañang Palace.

Nonetheless, Estrada's huge popularity could neither cover up nor compensate for the country's terrible economic shape. Despite the administration's initial proclamations regarding the supposed insulation of decision-making processes from peripheral influences, Estrada's administration had fell prey to the excessiveness and recklessness of the oligarchic predators. Some of the peripheral actors that yielded considerable power over government affairs during Estrada's presidency were *padrinos* or the "intercessors" (Manacsa and Tan, 2012: 71). The *padrinos* were outsiders with close personal connections with the president either by blood or by social relations, and whose assistance and opinion had been discretely sought. Their primary role (albeit unofficial) was to direct the president's attention to the needs of certain political actors' to ensure that necessary actions were taken. Not surprisingly, Estrada's *padrino* system was heavily comprised of blood relatives and close friends who supported him during his campaigns. Thus, despite the presence of institutionalised "gatekeepers" that regulate information such as the Offices of the Executive Secretary (OES) and the Presidential Management Staff (PMS), the *padrinos* were able to successfully circumvent the government's policymaking processes (Magno, 1995; Manacsa, 1999; Macapagal and Nario-Galace, 2003).

The *padrino* system was complemented by the *kumpadre* (buddy system) composed of Estrada's closest friends and allies (Magno, 1995; Aquino, 1998; Manacsa, 1999). Aside from his official cabinet members, Estrada's *kumpadres* had served as his de facto advisers. Such practice had opened yet another backdoor entry for peripheral actors that enabled them to access government resources. While Department Secretaries comprised the official axis of power, the *kumpadres* constituted the informal bloc of political control over some vital aspects of the economy including business, computers and even legislative bills (Manacsa and Tan, 2012). The culture had become so pervasive that at one point Estrada's off-the-record advisers and consultants reached two hundred

(Laquian and Laquian, 2002). Some *kumpadres* had no official function or role within the government, but acted as primary chiefs of certain policy areas (Magno, 1995; Aquino, 1998; Manacsa, 1999).

This furtive policymaking environment inevitably ignited a clash between Estrada's formal and informal advisers. One-upmanship became the rule of the game where the "winners" were decided in terms of who succeeded at persuading or even bypassing the president (Manacsa, 1999; Manacsa and Tan, 2012). Such clandestine approaches to decision-making perfectly complemented the culture of corruption that ultimately defined the Estrada administration. The construction of Estrada's policy regime made it practically impossible to trace the initiators of various policies as well as the officials accountable for their flawed execution. This acute disjuncture in Estrada's public policy management had further shrunk the country's development space.

In 2000 Estrada was impeached by the House of Representatives and was tried in the Senate for charges relating to state plunder, corruption and involvement in an illegal numbers game known as *jueteng*. Ironically, these allegations came from one of Estrada's former *kumpadres* who accused him of the malversation of public funds. On 16 January 2001, Estrada was ousted from office by a civilian-military uprising locally referred to as People Power II or *EDSA Dos* (Hutchcroft, 2008; Quimpo, 2009, 2014; Manacsa and Tan, 2012). The following day, the Supreme Court declared that the seat of presidency was vacant and stated with finality that Estrada had constructively resigned from his post.

The Arroyo administration

His then vice-president Gloria Macapagal-Arroyo, the daughter of the country's ninth president, Diosdado Macapagal, replaced Estrada. Arroyo's regime was no more than a continuation of the traditional clientelism in the Philippines characterised by the methodical looting of government resources and the rapid deterioration of public institutions. However, this was not merely trip back to the prowling years of the Marcos family. Arroyo's era was "marked by the adjustment of predatory forces to global economic and political liberalisation" (Quimpo, 2009: 347). In the era of globalisation, underhanded government transactions were pursued within the context of market economy logic "[in order] to produce private goods for officials, their families, and their cronies" (Diamond, 2008: 42). While Arroyo had promised to transform personality-based Philippine politics into a politics of party programmes and sincere dialogues with

ordinary citizens, she ended up with the distinction of being one of the most corrupt presidents that had ruled the government. Based on the survey conducted by Pulse Asia in 2007, 42.0% of Filipinos believed that Arroyo was the most corrupt president in the history of the Philippines since Marcos.

Just a few years into her presidency, a litany of corruption charges had been hurled against Arroyo as well as some of her family members, relatives and close friends.[276] Astonishingly, Arroyo had survived the imbroglio through her skilful exploitation of the country's patronage culture. Arroyo was able to adeptly consolidate the existing webs of patron-client relationships using the strong claws of the Executive only resorting to full, absolute authoritarianism for a few days (Linantud, 2004; Hutchcroft, 2008; Quimpo, 2009). This gave rise to a predatory regime that further undermined the country's democratic institutions resulting in rigged elections; heightened repression; enfeebled rule of law; influx of unqualified political appointees; and enlarged military influence (Hutchcroft, 2008; Quimpo, 2009). Government institutions were the first casualties of Arroyo's destructive presidency. The justice system was reduced to a mechanism that suppressed popular dissent while the military and the police acted like the private armies of a mobster regime. The Commission on Elections (COMELEC) became the playground for fixers while the bureaucracy, in general, became a schoolyard for politically inept state managers cheered on by the House of Representatives and the Senate.

The elites' overarching control of the Arroyo administration had enabled them to convert democratic into outright predatory institutions (Quimpo, 2009, 2014). The pivotal actors for such an arrangement were the ideologically "homogenised" political parties that allowed the politicians to switch alliances whenever it suited them (Hutchcroft and Rocamora, 2003; Hutchcroft, 2008). At first glance, such volatility may be perceived as a weakness, but for many traditional politicians, it was this particular character of the Philippine party system that complemented their predatory objectives. By hijacking the country's check-and-balance mechanisms, the "political termites" under

[276] The 11 March 2008 editorial of the Philippine Daily Inquirer listed some the biggest scandals that rocked the Arroyo administration. Among these were the P260-million Jose Pidal bank accounts; the P728-million fertiliser scam; the P2.5-billion poll computerisation contract; the North Rail and South Rail; and the $329-million NBN-ZTE deal. Moreover, Arroyo's own husband, son and brother-in-law were accused of involvement in jueteng – the same multi-million peso illegal numbers game that abruptly ended Estrada's regime. The most politically destructive of all, however, was the 'Hello Garci' scandal that hit the headlines in June 2005. The release of wiretapped conversations between Arroyo and then Commission on Elections (COMELEC) commissioner, Virgilio 'Garci' Garcillano, concerning the outcomes of 2004 presidential elections put the country on the brink of yet another forced regime change.

Arroyo's regime were able to escape public accountability, chewing away on their improprieties and indiscretions.

The Aquino III administration

Then came the incumbent President Benigno Simeon Aquino III. Prior to his election to office, many Filipinos doubted his capacity for leading the nation, let alone fulfilling his campaign promise not only to fight but end corruption. Such cynicism had strong basis given his lacklustre performance both as a senator and as a three-term representative. In fact, Aquino III became a probable presidential candidate only after the passing of his mother, former President Corazon Aquino in August of 2009. Thus, similar to his mother, Aquino III was a symbolic leader rather than a consummate politician with the innate desire (for better or worse) to run the country. Aquino III had admitted this himself when claiming "it was fate… the people found me" (Mellor and Batino, 2013).

Five years into his presidency, Aquino III is surprising the naysayers including some of his fiercest critics as the country reaches astounding levels of GDP growth. In 2013 alone, the Philippine economy rose above 7.0% for four straight quarters despite the regional and global slowdown (Yap and Yap, 2013). To a considerable degree, Aquino III was able to curtail the uncontrolled excesses of oligarchic elites specifically on the issues concerning widespread corruption and senseless political violence. His administration has chased to court public officials involved in anomalous government transactions by filing criminal charges against them.[277] However, despite his initial triumphs, the scandal over the misuse of public funds by some of the country's top officials and lawmakers has suddenly become the most crucial crisis that is now confronting Aquino III's government. The Priority Development Assistance Fund (PDAF) scandal, considered by many as the biggest fraud involving public funds in Philippine history, saw billions of pesos worth of government funds stolen by certain

[277] Among his biggest catch was Arroyo herself who was charged with electoral sabotage for the manipulation of 2007 senatorial elections along with plunder for the dishonest use of the Philippine Charity Sweepstakes Office fund. She was placed under hospital arrest in 2011. Aquino III also succeeded in ejecting key Arroyo appointees perceived to be negligent in handling corruption cases filed against powerful officials. For instance, Merceditas Gutierrez resigned from her post as Ombudsman in April 2011 before her impeachment trial for betrayal of public trust, particularly fo the low rate of conviction and apparent vacillation on several major scandals under Arroyo's regime. In another case, Renato Corona was impeached from his position as Supreme Court Chief Justice in December 2011 for a similar offence, specifically for failing to properly disclose his statement of assets, liabilities, and net worth (SALN).

members of both the Senate and Congress.[278] The scam involved the funding of ghost projects of implicated legislators and officials using the PDAF money.[279]

While Aquino III has been uncompromising with the crackdown of corrupt officials, nonetheless, patronage politics has continued to wield an overwhelming influence on his administration. The taming of oligarchic powers still seems a bit far-fetched even under Aquino III's regime. Although the president has moved to abolish the PDAF amidst strong public indignation over the scandal, he did not cut down the amount of funds held at his discretion.[280] This led critics to label this patronage-prone reserves as the "President's pork barrel." The opposition is able to divert public outrage away from corrupt officials to the administration (David, 2013) by depicting the president as the principal distributor of the pork barrel (and therefore, the one who is "most guilty" for perpetuating a rotten system).

Finally, if the May 2013 elections were to serve as any indication, the rife corruption of political dynasties in the country – led by the Binays, Estradas, Marcoses, Arroyos, Revillas, and the Cayetanos – is bound to continue in the foreseeable future (David, 2013; Quimpo, 2015). While some of these political dynasties have contracted, others have expanded as more family members come to the fore of Philippine politics. Therefore, Aquino III's reforms cannot be expected to have any long-term impact since they do not genuinely confront the order that is underpinned by oligarchic wealth and power. In the end, it may just be another hiccup in the life cycle of Philippine oligarchy.

6.5.3 Limits of "one-size-fits-all" economic policies

[278] In September 2013, three senators and five former congressmen, along with the accused mastermind Janet Lim Napoles, a multimillionaire businesswoman, and 29 others have thus far been charged with the malversation of public money and plunder. Ironically, the three senators implicated – Juan Ponce Enrile, Jinggoy Estrada and Ramon Revilla, Jr. – happened to be members of both the opposition and the elite political clans that had supported the president's anti-corruption initiatives including Corona's conviction.

[279] These bogus projects were in turn 'implemented' through Napoles' companies without producing any tangible outputs. The stolen funds would be processed through fake foundations and NGOs created under the purview of the JLN Group of Companies owned by Napoles, naming some of her employees and even a nanny as incorporators or directors. Each of these foundations and/or NGOs served as official recipients of PDAF funds coming from particular legislators. Several bank accounts where attached to each organisation where PDAF funds would be deposited for the implementation of their imaginary projects.

[280] In light of the PDAF imbroglio, legislators from the opposition revealed that senators who voted in favour of the impeachment of Corona received an estimated P50 million each 'bonus' for helping the Chief Justice's eviction from office.

The 2011-2016 Philippine Development Plan (PDP) is Aquino III's blueprint for implementing the government's so-called "social contract with the Filipino People."[281] The Plan underlines the twin problems of inadequate investment and human capital as the main culprits of Philippine economic and human inequities. In doing so, it acknowledges the social reality that the large majority of the Filipinos are excluded from the country's economic growth. The Plan's main economic thrust is straightforward: stick to the globalisation policies implemented over the last decades; deepen and broaden privatisation through Public-Private Partnerships or PPPs; and selectively implement social protection programmes such as conditional cash transfers (CCTs).[282] However, a more in-depth analysis of the Plan indicates serious problems, which are likely to sustain the country's uneven economic development. By insisting on the appropriateness of "one-size-fits-all" economic policies, the government is misinterpreting the country's current economic situation.

First, the Plan lacks ingenuity in terms of formulating strategies that foster inclusive growth (IBON, 2011). The administration's passive adherence to free market philosophy prevents it from taking a more proactive role in stirring its development goals. While recent data has shown a relative growth in investments, exports and overall GDP, these figures have failed to translate to lower levels of inequality and poverty incidence.[283] Critics have argued that the government's phlegmatic devotion to free trade underlines its anachronistic outlook concerning development policies (IBON, 2011). This is particularly unsettling when analysed against the backdrop of the continuing WTO stalemate where member states, particularly those in the developing world, reject more advanced liberalisation measures (Ezeani, 2013; Hartman, 2013). The selection of target sectors that the government envisions developing reflects the administration's lack of strategy for inclusive and sustainable national development. Examples of these are the cheap labour business process outsourcing; foreign-controlled shipbuilding; export-oriented agri-business and forestry; extractive mining; and international tourism.[284] Although investments and exports figures will certainly rise in these sectors, none of these can stimulate Filipino industrialisation. Thus, critics have

[281] For a full copy of the said document, see the National Economic Development Authority's website, available online at http://www.neda.gov.ph/wp-content/uploads/2013/09/CHAPTER-1.pdf.
[282] Ibid.
[283] For more details on the current data, see National Statistics Office's official website available online at http://www.nscb.gov.ph/poverty/.
[284] See the Philippine Development Plan 2011-2016, available online at http://www.neda.gov.ph/?p=1128.

claimed that that the principal task of the government's development plan is to sell the country's national and human resources to foreign investors at a bargain price (Bello, 2004, 2005; IBON, 2011). The government does not shy away from its explicit promotion of cheap labour exports; setting aside the agenda for creating local jobs that will cut down the number of Overseas Filipino Workers (OFWs). In fact, it even attributed the country's newfound resilience against global financial crises to the steady inflow of remittances.

Moreover, the administration's view of good governance is heavily influenced by the requirements of the free market, that is, improving governance and strengthening weak institutions to bring down the costs and risks of doing business, instead of securing the poor's rights to development (Bello, 2004; 2005; IBON, 2011). This gives the impression that the initiatives undertaken to address bureaucratic maladies including institutionalised corruption are directed toward the goal of attracting foreign direct investments rather than practicing good governance to better serve the people.

Second, the Plan also prioritises the creation of an environment conducive to foreign investors over the construction of a people-oriented development strategy that secures the general well-being of Filipinos (IBON, 2011; Malaluan, 2011). Despite the Plan's well-articulated mission of fighting poverty and bridging inequality, its systematic evasion of politically unpopular yet socially beneficial policies (such as a more just and equitable distribution of wealth, assets and incomes) undermines the credibility of the administration's inclusive development rhetoric. The government seems to be more interested in the development of the business sector than the people themselves. While such a strategy may indeed foster a good business climate, nonetheless it is not necessarily favourable for the economy as a whole. In short, the government seems to favour foreign investments over local capital; private business profits over labourers' welfare; and landowners' claims over farmers' rights (Bello, 2004, 2005; IBON, 2011; Malaluan, 2011). These biases further strengthen the wherewithal of oligarchic elites for exploiting the bureaucratic systems and resources. In other words, the rudimentary equation of private business success to socio-economic advancements invalidates the government's capacity for inclusive growth and development.

Third, the administration's problem with the budget deficit also compels it to pursue a more intensive privatisation scheme (IBON, 2011; NEDA, 2011). Developing the bulk of the proposed infrastructure programmes included in the Plan, the administration relies on extensive public-private partnerships (PPP). However, such a

strategy has the unintended consequence of transferring government responsibility for creating public goods and delivering social services to the private firms. Consequently, the government becomes heavily reliant on the ability of private firms to generate even more profits from providing public goods and services (Bello, 2004; IBON, 2011). The commonly held view is that private funding enables the government to curb its expenditures and debts. By doing so, the government can focus its scarce resources on more important issues that need immediate attention.

Furthermore, the private sector is also said to enhance the efficient handling of public projects given their technical expertise, which the government tends to lack. However, in reality, estimating a project's actual cost is not always straightforward since contingent liabilities may easily increase despite strict procurement procedures (IBON, 2011). In addition, the private sector is not always immune from the inefficiencies that are commonly associated with different government agencies. Problematic contracts sometimes fail to provide the expected level of service and in the process may require additional budget, if not a complete bailout, in order to rectify the problem (Bello, 2004, 2005; Malaluan, 2011).

Fourth, through efforts to cushion the effects of non-discriminatory privatisation, the Plan promotes CCTs as a smokescreen for the marginalising effects of globalisation policies (IBON, 2011). By enabling poor Filipino families to purchase basic health and education services from private suppliers, the CCTs become an integral component of the privatisation of social services. Critics have argued that the administration's unwarranted expansion of the program is not only unsustainable, but is also expensive to target because it is merely debt-propelled aid devoid of any serious reform (Bello, 2010; Comia, 2010). Meanwhile, more important but politically difficult socioeconomic restructurings are continuously ignored given the government's subscription to a pure free market economy. Examples of these are job creation on an economy-wide scale; higher wages and improved incomes; creating opportunities for Filipino agricultural and industrial producers; local technological progress and innovation; domestic capital accumulation, and greater equity (IBON, 2011; NEDA, 2011).

By maintaining the current domestic conditions, foreign investors can systematically exploit the economy to their clear advantage, thereby shutting out local firms and producers (Bello, 2004, 2005; Malaluan, 2011). For instance, the huge and profitable infrastructure projects carried out under the PPP benefit the well-established

foreign corporations and landed elites rather than the people living on a dollar a day but (Bello, 2004; IBON, 2011; Malaluan, 2011). Without proper monitoring and evaluation, the government's highly optimistic assessments about its alleged pro-people development plan can easily be misdirected.

Fifth, and lastly, the Plan is bent to increase tax collections from poor workers while thoughtfully shielding the rich from further increases in tax obligations (Quimpo, 2009; IBON, 2011). Instead of imposing direct taxes on high-income individuals and corporate profit, and indirect taxes on non-basic luxury goods and services, the administration's strategy for addressing the country's deficit problems is to tighten its development expenditures related to welfare spending, social investments and public infrastructures (IBON, 2011; NEDA, 2011). The administration is effectively transferring a huge part of the burden to lower-income groups by insisting on higher taxes on essential goods as well higher fees for basic government services. Indeed, recent improvements in tax revenue collections did not spring from better tax administration, but the reformed value-added tax (RVAT) along with de facto higher tax liability from rising energy and oil prices.

Thus, for the staunch opponents of the administration, the outcome of the Plan is sustainable inequality rather than sustainable economic development. The ultimate recipients of the increasing national wealth are the powerful elites who systematically evade social-equalising measures that cut into the oligarchs' fortunes. The elusiveness of trickle-down effects from the country's recent growths in GDP can be explained by the lack of development-oriented leadership that challenges elite interests. The Plan's subconscious democratic biases prevent government leaders and policymakers from fully appreciating the economic plight of the non-oligarchs and the non-elites in the Philippines.

6.5.4 Limits of bureaucracy

Government efforts to expand the country's development space in a manner that reduces poverty and inequality are also undermined by problems relating to bureaucratic inefficiencies. First, the government's minimal spending on basic services has aggravated the conditions of poor Filipino households. For instance, government expenditure on the health and education sectors as percentage of GDP between 1996 and 2006 declined by more than 50.0% (from 0.7% to 0.3%) and 36.0% (from 3.1% to 2.4%) respectively (Manasan, 2009). Meanwhile, public spending on social protection has remained marginal

over the years (0.8% in 2008) and was mainly limited to food subsidy, which accounted for 73.0% (Manasan, 2009; NAPC, 2010). These figures are substantially lower than the averages found in some Southeast Asian (1.5%) and South American (3.0%) countries during the same period (NAPC, 2010; Ofreneo et al., 2012).

Second, the government also suffers from weak and fragmented social protection mechanisms. In general, social protection in the country has a very narrow range of beneficiaries primarily due to financial constraints (Ofreneo et al., 2012). As a result, most of the existing initiatives are only able to cater to a small percentage of the population that requires assistance. The poor and informal sectors have the least access to basic services due to a lack of leverage over decision-making processes carried out by local leaders and various service providers (NAPC, 2010). The incapacity of the poor sector to actively engage with government agencies in policy dialogue has undermined the core objectives of these projects. Therefore, since one of the key roles of the government is to address the concerns of marginalised groups, improving the participatory mechanisms that are available to the poor is a crucial step toward effective engagements with public officials (NAPC, 2010; Ofreneo et al., 2012). The presence of many disparate and uncoordinated temporary employment programs does very little for the improvement of social protection in the country.

Third, the government also faces difficulties properly targeting, monitoring and assessing its development programs due to inferior policy designs; mediocre management systems; and the asymmetry of information. For instance, only 25.0% of the total poor population benefited from a rice subsidy program that was launched by the government, while subsidies for tertiary education and housing mainly benefited those in the high income brackets (NAPC, 2010). In addition, many of these programs were incompetently monitored and evaluated by the same implementing agencies (Ofreneo et al., 2012). Not surprisingly, agency officials have lost the necessary motivations and the incentives for carefully reviewing the effectiveness and efficiency of their programmes.

Fourth, and lastly, the government is beset by weak institutional capacity that breeds and sustains corruption. In any country with institutionalised corruption such as the Philippines, its integrity pillars – the judiciary and executive; the police and the press – are constantly being compromised (Hutchcroft and Rocamora, 2003; Yap, 2011; Ofreneo et al., 2012). The Philippines government loses more than $US42 million to corruption a year, making it one of the most corrupt nations in the Asia-Pacific region (Yap and Tubeza, 2010). In the education sector, for example, corruption has badgered

the procurement of textbooks and supplies as well as the appointment and promotion of teachers and other education personnel. Similarly, corruption in the health sector has substantially reduced the national immunisation rates and increased the average waiting time for patients.

Several independent global research agencies have confirmed this problem. In the 2014 Corruption Perception Index (CPI), the Philippines scored 35/100 and was ranked 85th out of 175 countries that were surveyed.[285] Furthermore, the 2014 Global Competitiveness Report (GCR) revealed that Philippines' corruption results in insecure property rights; diversion of public funds; low public trust of politicians; and burden of government regulation.[286] It remains the biggest constraint for improving the country's global competitiveness. Nevertheless, the 2013 Worldwide Governance Indicators (WGI) showed an increasing trend in terms of the government's capacity to control corruption, from 38.54% 2003 to 43.54% in 2013.[287] In short, corruption has been ingrained deep within the national culture and as consequence has become a trademark of the Philippine bureaucracy.

6.6 CONCLUSIONS

National security in the Philippines is primarily rooted in the government's capacity to facilitate a proportional level of economic development that minimises structural poverty and institutionalised inequality. However, the ability of the very few yet very powerful Filipino elites to transform the country into an archipelago of oligarchies or "oligarchipelago" highlights the deeply entrenched oligarchic system vis-à-vis patrimonial culture that has come to define the Philippine development problematic. The primacy of the oligarchy or family dynasties in the national government and economy deeply reflects the Philippines' "soft" state and weak democracy. Such type of domestic politico-economic arrangement has inevitably resulted in structural poverty and institutionalised inequality. Although oligarchy and patrimonialism do not necessarily facilitate conditions that lead to political and economic marginalisation, in the case of the Philippines they

[285] For more details on the Philippines' 2014 Corruption Perception Index, see Transparency International's official website available online at http://www.transparency.org/country#PHL.
[286] For more details on the Philippines' 2014 Global Competitiveness Report, see the World Economic Forum's official website available online at http://www.weforum.org/reports/global-competitiveness-report-2014-2015.
[287] For more details on the Philippines' 2013 World Governance Indicators, see the World Bank's official website available online at http://info.worldbank.org/governance/wgi/index.aspx#reports.

have further exploited the inefficiencies and weaknesses of an elite-driven political economy.

For instance, the oligarchs' strategic utilisation of ineffective trade mechanisms has enabled them to maximise their economic wealth and political power despite adverse effects on poverty and unequal conditions in the country. Oligarchs can limit the distribution of national wealth among them by blocking the passage of social-equalising measures. This highly corrupt patronage culture is in direct contrast to the government's people-centric national security model that emphasises a more equitable and inclusive economic development. However, in the absence of countervailing powers, the oligarchy will certainly adopt policies to ensure its perpetual and uncontested control over the Philippine political economy.

Where political institutions are frail, differences in leadership styles and methods can have enormous effects on political outcomes. The five administrations (including the present one) that have emerged after the end of the Marcos regime revealed significant variations with respect to the image and quality of their respective governments. Aquino was, for better or worse, a "throwback" president whose primary agenda was the regeneration of the old oligarchy to restore elite-driven institutions that had been sabotaged by her despotic predecessor.[288] Ramos was a member of the military royalty who bowed down in front of his patrons to negotiate for the implementation of watered-down economic reforms.[289] Estrada was a charismatic actor who misplayed the role of a Filipino Robin Hood by pillaging the nation's wealth, but only to redistribute them among his kinfolk and friends instead of his poor and oppressed supporters.[290]

Arroyo was the wilful presidential daughter whose mastery of economic philosophy had enabled the efficient plundering of government resources. She was consequently overthrown by another People Power Revolution.[291] Lastly, Aquino III is the acquiescent son whose unforeseen rise to the presidency has inspired dreams for a new *belle époque* in the Philippines' political economy - if only he would compromise his oligarchic roots and upbringing. Thus, the Philippines' case is a strong illustration of how state power can be transmogrified into a powerful device that secures some narrowly defined oligarchic interests.

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[288] Based on Hutchroft's (2008) characterisation of the past four Philippine presidents after Marcos.
[289] Ibid.
[290] Ibid.
[291] Ibid.

Chapter 7

TRADING IN BIAS: MALAYSIA'S HUMANIST SECURITY-TRADE LINKAGES

7.1 INTRODUCTION

The long-standing practice of dividing Malaysians into *bumiputras* (literally interpreted as the "sons of the soil") and *non-bumiputras* has been at the crux of deeply entrenched ethnic divisions in the country.[292] The country's march toward a multi-ethnic nation building has been severely undermined by aggressively promoting the *bumiputra* identity as the cornerstone of Malaysian nationalism. Since the creation of the Malaysian state, no serious reference has been made toward a pluralistic nationalism in Malaysia (Gomez and Jomo, 1997; Gomez, 2004). This observation highlights the rather uneasy transformation of Malaysia into a nation that is more accommodating of non-*bumiputra* interpretations of national security. Despite Malaysia's great ethnic diversity, its security policies and strategies are heavily Malay-centric since they are defined entirely by *bumiputra* leaders and policymakers. In fact, Article 153 of the Malaysian Constitution states that:

> It shall be the responsibility of the Yang di-Pertuan Agong (King of Malaysia) to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article.[293]

Thus, the Constitution provides a strong legal basis for the provision of exclusive rights and privileges to the Malays, which are not extended to other ethnicities particularly the Chinese-Malaysians and the Indian-Malaysians. Despite the *bumiputras'* significantly enhanced economic status and continued political supremacy, Article 153 remains embedded in the Constitution. The *Barisan Nasional* – the country's perpetually ruling regime currently dominated by the United Malays National Organisation (UMNO) party – constructs and implements various ideational and material security apparatuses designed to preserve the Malay-dominated status quo (Humphreys, 2010; Azizuddin, 2013). In the process, the *Barisan* regime has become the equivalent of the entire Malaysian nation-state. The wider objective of protecting Malay interests has been co-opted by the narrower objective of securing the *Barisan's* political perpetuity using a pretext of inter-ethnic equality. To pursue its Malay-centric social vision, the government

[292] The terms *bumiputra* and Malays are used interchangeably in this chapter.
[293] For a full copy of the 1936 Constitution of Malaysia, see Malaysia's Official Portal available online at http://www.jac.gov.my/images/stories/akta/federalconstitution.pdf.

has launched a number of affirmative action policies (AAPs) that have been implemented at the expense of other Malaysian ethnic groups (Faaland et al., 1990; Gomez and Jomo 1997, Nathan, 1998; Nelson et al., 2008).

The government's bold gamble with neoliberal economic policies, specifically those involving free trade, has rewarded Malaysia with robust economic growths (Athukorala, 2005; Tham, 2008). This in turn has allowed the *Barisan* regime to formulate and execute a number of ethnic-oriented AAPs, including: the New Economic Policy (NEP, 1971); the National Development Policy (NDP, 1990); and the New Economic Model (NEM, 2010). Given the political costs and economic inefficiencies generated by these racially-configured initiatives, their relevance in twenty-first century Malaysia has received enormous criticisms from local and external observers (Mandal, 2004; Meerman, 2008; Ragayah, 2008). The popular view is that the *Barisan* are fundamentally biased against non-Malays because the latter are seen to curtail their rights as Malaysian citizens even further.

Interestingly, the economic and political viability of these initiatives are constantly debated not only by the non-*bumiputras* but also by the so-called "othered" *bumiputras* comprising non-Muslim and non-Malay indigenous groups found mainly in the Sabah and Sarawak regions. Rather than fostering a sense of equality by creating fair opportunities for everyone regardless of their ethnicity, the AAPs have been designed to achieve equality based on results that they intend to achieve: that is, the security of the *bumiputras'* political, economic and social status. However, the UMNO-led regime has offered a compelling case for the implementation of AAPs by arguing that economic growth is not sufficient for creating an equitable and just multi-ethnic society (Gomez and Jomo, 1997; Nathan, 1998; Khoo and Wah, 2002; Nelson, 2008). Furthermore, it has emphasised the need to ensure that the trickle-down effects of export-led growth would eventually reach Malaysia's most economically disadvantaged sectors particularly the *bumiputras*. Therefore, the Malay-dominated government maintains that the AAPs are not zero-sum strategies used to systematically exploit the non-Malays. A closer inspection of these "social-equalising" strategies reveals that the *Barisan's* deep-seated political interests must be protected at all costs.

This chapter critically analyses Malaysia's use of free trade principles to secure and enhance its diversity space amid the presence of one-sided domestic security dilemma engendered by the *bumiputra* factor.[294] The term "diversity space" in this context

[294] Appendix 5 provides an up-to-date list of Malaysian FTAs.

specifically refers to the supposedly equal rights and opportunities of all ethnic groups in Malaysia to participate freely in the country's political, economic and social affairs. The sections explore the different facets of the country's nation-building process vis-à-vis preservation of the government's racially-configured policies in the twenty-first century. Such an approach leads to a scenario where the enhancement of Malay security inevitably demands the de-enhancement of non-Malay security. Hence, de-ethnicising the political, economic and social arrangements of the country remains highly unlikely as long as the constitutional framework that legitimises a *bumiputra*-centric Malaysian nation-state is sustained.

In light of this, I attempt to answer the following sets of questions. First, why does Malaysia link its humanist security interests with free trade activities? Given the existing *bumiputra* factor, how does free trade (at bilateral, minilateral and multilateral levels) affect Malaysia's remaining diversity space? Second, why does the government continue to maintain its ethnic-biased affirmative policies amid the country's shrinking diversity space? What are its implications for Malaysia's domestic politics? Third, what are the factors that limit the capacity of free trade to secure and enhance Malaysia's diversity space? How do they influence its one-sided domestic security dilemma?

Plan of the chapter

The chapter is divided into six sections. In Section 7.1, I provide the context through which Malaysia's humanist security-trade linkages in the twenty-first century will be examined. I argue that against the backdrop of the *bumiputra* factor, one of the primary referents of Malaysia's national security is its diminishing diversity space. The government's predilection for a *bumiputra*-centric nation-building process inevitably engenders a scenario where the Malays' collective security inexorably hinges upon the non-Malays' collective insecurity. Put differently, enhancing the *bumiputras'* relative security inevitably leads to the relative insecurity of the non-*bumiputras*. This problem is reinforced by the continuous supremacy of a Malay-dominated *Barisan* regime in virtually all aspects of Malaysian affairs. To maintain its political legitimacy and perpetuity, the UMNO-driven regime develops and implements racially configured affirmative policies under the pretext of ethnic parity and harmony. Yet, even for the "othered" *bumiputras*, the very concept of "*bumiputraism"* has become an exploitative instrument that legitimises and empowers the Malay *bumiputras* at their expense, thereby resulting in widening the cleavages between them (Ibrahim, 2012; Welsh, 2013).

In Section 7.2, I briefly examine the process of nation building in a pluralistic Malaysia by tracing the roots of its one-sided security dilemma, which in turn drives the country's ethnic-based political, economic and social arrangements. I provide preliminary insights about the importance of economic engagements – mainly through free trade – as a means of developing and sustaining Malaysia's affirmative policies deemed crucial for diversity in the face of a one-sided domestic security dilemma.

In Section 7.3, I discuss results from the key informant interviews (KIIs) conducted with Malaysian officials as a part of research fieldwork. The objective is to provide a general understanding of why Malaysia's humanist security interests and trade activities are linked together, and how these linkages influence the survival of the island nation in the twenty-first century. These interviews have focused on the three main aspects of Malaysia's security-trade nexus: (i) its national security policies and strategies; (ii) its free trade activities and agreements; and (iii) the relationships between these two variables. This dialogue is crucial for determining the discrepancies (if any) between the Malaysian government's rhetoric and action, as well as state and nons-tate perceptions.

In Section 7.4, I evaluate the impact of Malaysia's free trade activities on its overall level of diversity space. First, I discuss the pivotal role of free trade as a means of significantly expanding Malaysia's domestic economy, which in turn, has enabled the government's employment of costly ethnic-based affirmative policies. And second, I critically evaluate the individual AAPs adopted by different Malaysian prime ministers since the 1970s to highlight their impacts on the country's shrinking diversity space.

In Section 7.5, I identify some of the key factors affecting the utility of FTAs for securing and enhancing Malaysia's existing diversity space. I analyse the material and ideational apparatuses comprising Malaysia's national security policies and strategies, and assess the economic and political viability of affirmative policies. The objective is to find out the potential ramifications of these factors on Malaysia's humanist security-trade linking efforts, and from there, evaluate the country's capacity to overcome its one-sided domestic security dilemma. In doing so, I explain why racially biased policies are deemed more favourable than ethnically neutral initiatives when enhancing Malaysia's internal security.

Finally in Section 7.6, I conclude by arguing that the de-ethnicisation of Malaysian nation-building remains a great challenge today given that the *bumiputra* factor has always served as the primary impetus for policymaking in the country. Because of the pre-eminent status of the *bumiputras*, the wider goal of achieving pluralistic security for all

Malaysians has been gradually reduced to the narrower pursuit of homogenous security for the Malays. To this extent, it may be inferred that Malaysia's national security is designed primarily to counter the insecurities confronting the Malays by promoting their ethnic interests above all other racial groups. Instead of promoting a greater sense of national unity, domestic institutional mechanisms have generated racially configured perspectives that are socially divisive. The state efforts to build a "1 Malaysia" identity have led to the institutionalisation of a particular social frame based on ethnic identities, thereby creating even greater tensions and divisions among people.[295] The result is a one-sided security dilemma where improvements in the political, economic and social security of the non-*bumiputras* regrettably lead to equivalent insecurities on the part of the *bumiputras*.

Free trade plays a central role both in the creation and preservation of this dilemma. The country's impudent involvement in various free trade activities has enabled the government to ratify and institutionalise several affirmative policies that have further strengthened the *bumiputras'* relative position in society often at the expense of other ethnic groups. These actions are morally acceptable for the Malay-dominated *Barisan* regime as they are means of carving out a space for the often impoverished and powerless "sons of the soil." In the end, the long-standing question of "*bumiputraism* for whom" remains as pertinent today as ever in Malaysia.

7.2 NATION-BULDING IN A MULTI-ETHNIC MALAYSIA

In the case of Malaysia, the state emerged at approximately the same time as the ruling political coalition and developed before the establishment of the nation (Gomez and Jomo, 1997; Nathan, 1998; Crump, 2007). Since the country's formal independence, the *Barisan* regime has dominated and controlled Malaysia's state and non-state affairs. Inevitably, state institutions and machinery have become extensions of the coalition that exploits them. The Malaysian state has become identical to the Malay-dominated regime – where the government is the *Barisan Nasional*, and the *Barisan Nasional* is the government (Nathan, 1998). Given the *Barisan's* overarching preponderance, the regime can manipulate effectively the construction of Malaysia's national security rhetoric and agenda. Not surprisingly, the *Barisan's* top leaders and figureheads have traditionally defined security threats in terms of the problems that undermine the legitimacy and

[295] On 16 September 2010, Malaysian Prime Minister Najib Tun Razak implemented the "1 Malaysia" programme that called for the cabinet, government agencies and civil servants to strongly observe national unity, ethnic harmony and efficient governance.

stability of the coalition. This underlying agenda has been pursued under the pretext of fostering ethnic equality among all Malaysians through the preservation of certain Malay privileges and rights that cannot be extended to other races.

Interestingly, even Malaysia's former name *Malaya* was an allusion to the basic "Malayness" of the *tanah Melayu* or the Malay land (Nathan, 1998). These narrow conceptions of Malayness had been maintained even after annexation to the Malayan territory of Singapore (until 1965) along with the two North Borneo regions of Sabah and Sarawak (Nathan, 1998; Crump, 2007). Hence, the racial ascription of territories was a vital component of Malaysian nation building particularly during its formative years. Constitutional provisions underpinning the security and sovereignty of the Malayan state were anchored on the sacrosanct role of the nine Malay sultans who also supervised the administration of Islam within their respective states (Hooker, 2003; Roff, 2003; Shamsul, 2003). Therefore, the sultans had served as legitimating actors in the institutionalisation of the Malays' supreme authority over Malaysia. This overarching thrust of the Malaysian Constitution remained inviolable, even to this day. Logically, the Malay rulers have framed the perceived corrosion of traditional Malay values and loyalties as a threat to the nation's security in the face of growing pluralism.

To further complement the establishment of the Malay rulers, *Bahasa Melayu* has been elected as Malaysia's national language, thereby providing another tool for legitimising the Malay dominance (Nathan, 1998; Humphreys, 2010). Its selection as the official medium of educational instruction and government communication further reinforced the *bumiputras'* politico-economic and socio-cultural ascendancy within a supposedly multi-ethnic and multi-religious country. Moreover, Islam had also been proclaimed as Malaysia's official religion, which cannot be questioned under any circumstance (Humphreys, 2007; Azizuddin, 2010). Nevertheless, the Constitution does allow freedom of religion for all non-Muslims comprising 40.0% of Malaysia's total population.

The Muslim-dominated government attempted to practice a secular variety of the religion to emphasise the country's moderate and tolerant interpretations of Islam. There is a widespread concern that Islam might be an apparatus for exploiting the Malays' relative backwardness by amplifying their sense of insecurity and inferiority (Welsh, 2004; 2013; Humphreys, 2007). Malay security is more closely linked to a "universalist" and modernist conception of Islam, which focuses on nationalism rather than religion per se. As Malaysia's first Prime Minister, Tunku Abdul Rahman (1986: 142-143) succinctly put

it: "Islam stands for complete understanding between all peoples and all races." Therefore, the rise of an Islamic state is deemed a serious threat to Malaysia's security interests.

Through the Islamisation of public policy under federal authority, the government can desegregate the role of Islam as a contrivance of national security. However, the federalisation of Islam inexorably intrudes on the customary function and influence of sultans as the primary chiefs of Islamic affairs within their respective dominions, thereby diminishing the significance of the Malay monarchic space as a referent for Malaysian security (Khoo and Wah, 2002; Lim, 2003; Hamayotsu, 2003, 2004;Milner, 2003). Likewise, the passage and implementation of draconian constitutional policies such as the Internal Security Act, Sedition Act, Official Secrets Act and the Printing Press Ordinance, have substantially undermined the sultans' capacities for executive power (Gomez and Jomo, 1999).

Therefore, it may be surmised that the perceived strength of ethnic Malays rests on the relative political weakness of other Malaysian races, particularly the Chinese and the Indian-Malaysians. Since the country's political axioms are essentially Malay in derivation and progression, the concept of a Malaysian nation-state is reduced to a mere political expression. The reason is that the political groundwork of Malaysian security disproportionately feeds on *bumiputraism*. Thus, the monarchy, religion and language merge to buttress the Malay ethnicity, which in turn, becomes the core foundation of Malaysia's national security. Therefore, securing the *bumiputras*' dominion space rather than the country's diversity space is considered *de rigueur* for the creation of the Malaysian nation. Mahathir (in Nathan 1998: 522) justified such act by arguing that:

> The Malays are spiritually inclined, tolerant and easy-going. The non-Malays and especially the Chinese are materialistic, aggressive and have an appetite for work ... The economic dilemma of the Malays still exist [because] for every step forward that the Malays make in the economic field other races make ten... [Hence], the whole process must be planned and executed with speed and thoroughness to produce a complete radical change in the Malays. If this revolution is brought about they would be rehabilitated and their dilemma would be over.

7.3 MALAYSIA'S SECURITY-TRADE NEXUS: VIEWS FROM THE TOP

Table 6: Summary of key informant interviews in Malaysia[296]

	On National Security	On Free Trade	On Security-Trade Nexus
School of International Studies, College of Law, Government and International Studies (COLGIS) Universiti Utara Malaysia *Dr. Mohd Azizuddin Mohd Sani* (Dean)	In Malaysia there is no specific security policy. Now in terms of security we are concerned basically with the economy	Malaysia's trade relations are in the upward trend. By having close relations with powerful countries, such as the US and China, we enhance our national security	The economic strategies adopted, from heavy industrialization to trade liberalization, were and still are race-based. Political parties have always played the race card
International Center for Islam and Pluralism (ICIP) *Dr. Mohammad Syafi'i Anwar* (Executive Director)	In studying the national security, we first need to discuss first national identity. In this regard, we look at the spirit of nationalism, its core ideas in the context of a multicultural society	The government must commit to develop and promote the security of the entire Malaysian population. Neoliberal economic policies, such as trade, must support Malaysia as a whole, not only the Malays	Malaysia is a pluralist world, with a variety of ethnicities, religions, languages, and cultures. This condition is reinforced by the processes of liberalization and globalization, as well as the growth of knowledge and an ever-higher intellectual heritage passing from one to the next generation
Center for East Asia Democratic Studies *Dr. Bridget Welsh* (Senior Research Associate)	The Prime Minister and his office is the primary referent of national security in Malaysia. And the failure to maintain his position is the main threat to "national security"	Trade agreements serve two roles: 1) buttressing alliance relationships that shore up the external legitimacy of the premier and his party and 2) potentially enhancing economic performance which shores up the premier and has portrayed national benefits. Trade discussions foster common ground dialogue with multiple countries, despite the differences on specific issues	With respect to the role of free trade agreements on Malaysian national security, they enhance the position of the premier and Malaysia's relations in the region/allies

7.3.1 On Malaysia's national security

There are three main themes that emerged from the discussion of national security in Malaysia during the interviews: (i) the *bumiputra*-oriented conception of national security initiated and maintained by the UMNO-dominated *Barisan Nasional* regime; (ii) the centrality of economics in this Malay-configured national security; and (iii) the resulting

[296] Malaysian representatives from two different sectors participated in interviews to provide comments and insights on Malaysia's security-trade nexus in the twenty-first century. The selected participants were both practitioners and experts in their respective fields. While their views do not necessarily encapsulate the whole gamut of arguments, nevertheless, they are crucial for painting a more general understanding of Malaysia's security-trade linking efforts. Interviews were conducted with: (i) Dr. Mohd Azizuddin Mohd Sani, Dean of University Utara Malaysia's School of International Studies, College of Law, Government and International Studies (COLGIS); and (ii) Dr. Mohammad Syafi'i Anwar, Executive Director of the International Centre for Islam and Pluralism (ICIP) who is based in Malaysia. Several government officials and members of the United Malays Action Party (UMNO) and the larger *Barisan Nasional* coalition were also invited to participate in the interviews, but declined. Other academic scholars in Malaysia were invited, but declined citing the "sensitive" nature of the questions asked as a primary concern. Instead, they referred to the official government documents available on the internet (https://www.malaysia.gov.my/en) such as white papers, policy positions, proceedings, reports and legal texts among others. These resources, according to them, reflect the UMNO vis-à-vis *Barisan*'s official stand on key issues tackled in the interviews. In the first part of the interviews, the participants discussed their general views on the concept of national security in Malaysia. In the second part, they discussed this security concept in relation to the country's participation in various free trade activities. In the final part, the informants discussed linkages between the country's security considerations and free trade objectives. This section does not provide an in-depth analysis of each statement provided by participants. The key arguments presented in this section are thoroughly discussed in Section 4 and Section 5. As mentioned, the main objective of this section is to present an overview of Malaysia's security interests and predicaments, as well as free trade initiatives and engagement strategies.

bumiputra-centric affirmative policies designed to enhance Malaysia's national security defined in terms of Malay security. When conceptualising Malaysia's national security, Syafi'i Anwar argues that:

> In studying national security, we first need to discuss national identity. In this regard, we look at the spirit of nationalism, its core ideas in the context of a multicultural society. The government, therefore, must be committed to developing and promoting the security of Malaysian people. The interest of the people is how to create a better Malaysia, hence, the need for a more comprehensive security framework.[297]

At this point, it is relevant to consider the multi-ethnic composition of the Malaysian population. Based on the data released by Malaysia's Department of Statistics in 2013, there are a total of 29.6 million Malaysians comprising 61.4% Malay; 23.7% Chinese; 7.1% Indian; and 7.8% from other ethnic groups. The Malays claim entitlement to certain rights and privileges that are not readily extended to other ethnic groups, particularly the Chinese and Indian-Malaysians who are viewed as immigrant races. The institutionalised primacy and dominion of the Malay race over other ethnicities has been a pivotal element in Malaysia's nation building. This has significantly influenced the country's security rhetoric and agenda. Consequently, the concept of Malaysian security is defined virtually in terms of Malay security.[298] Therefore, any threat that destabilises the Malay-dominated status quo is perceived as a national security threat, regardless of how this may impact on the rest of the non-Malay population. Hence, balancing Malay interests with those who are not Malay is a crucial task on the part of the ruling UMNO party that leads the whole *Barisan* regime. As Azizuddin Sani claims:

> It is very tough to replace the *Barisan*. In Malaysia, the structure of the political party is a form of mass movement. In other words, it is a bottom-up process. The *Barisan* has significant support from people. However, due to the enlargement of the middle class, more is demanded from the *Barisan*, which it cannot always provide. Thus, we are witnessing a gradual move toward a more genuine two-party political system. Therefore, the ruling regime tries to "wag the dog." The government diverts the public's attention away from political controversies involving the ruling party to cover them up. For example, the government is using the media to scare people about Singapore's plan to invade Malaysia. In that sense, it is just a distraction. However, back in the 1990s, Malaysia feared the West. The fear was rooted in the idea of cultural imperialism of the western world. It is probably the

[297] Interview with Dr. Mohammad Syafi'i Anwar on 24 February 2013 in Kedah, Malaysia.
[298] Ibid.

> nature of the government to change the perception of people to win back and sustain their support. To counter that fear, the government focused first on the economic issues that gave people a greater sense of security. To this extent, in terms of security we are concerned with the economy. [299]

Indeed, the ways the *Barisan* leadership had attempted to win back and retain the *bumiputras*' loyalty and support to the regime were by showing their capacity for revitalising the Malaysian economy. Mahathir Mohamad's security ideology had clearly underscored the centrality of economics to develop and implement Malay-oriented security policies and strategies:

> National security is inseparable from political stability, economic success and social harmony. Without these, all of the guns in the world cannot prevent a country from being overcome by its enemies whose ambition can be fulfilled without even firing a single shot. All they need really is to subvert the people and set up a puppet regime. Clearly economic difficulties are serious threats to national security. Failure to understand this threat may result in a cycle of recession followed by political instability, security threats and even greater recession. The skilful management of the economy and clear thinking are therefore an integral part of the strategy for national security. [300]

However, Bridget Welsh offers a different view of what national security "truly" means in the Malaysian context:

> The Prime Minister and his office is the primary referent of national security in Malaysia. And the failure to maintain his position is the main threat to "national security". Malaysia's security remains primarily focuses on domestic issues. This is indicative of allocation in the police force, with a focus on maintaining UMNO in political power. Resources are heavily skewed to protecting those in power. That said, there are other important concerns. These include: a) South China Sea, b) ISIS and terrorism, c) economic performance and d) maintaining strong bilateral/multilateral presence. The government strategies are not fully cohesive or public. The policy making process remains reactive and centered around the premier's office. The close affinity between the Western countries and Najib has profoundly shaped security concerns in recent years.[301]

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[299] Interview with Dr. Dr. Mohd Azizuddin Mohd Sani on 24 February 2013 in Kedah, Malaysia.
[300] Based on the speech delivered by Malaysia's former Prime Minister Mahathir Mohamad at the First ISIS National Conference on ISIS held in Kuala Lumpur, Malaysia 15-17 July 1986.
[301] Skype interview with Dr. Bridget Welsh on 25 May 2015.

Notwithstanding these criticisms, Mahathir's interpretation of Malaysian national security resonated well with the *bumiputras* who have been suffering from what critics call, the "Malay crutch mentality." This characteristic may be viewed as a type of mindset that results from the tendency of Malays to accept flagrant racism in the workplace environment or in any other sphere that they are involved in to justify the relative stagnation and socio-economic underdevelopment of the *bumiputra* community (Gomez, 2007; Mutalib, 2012). As Anwar points out:

> In the mindset of the ordinary people, human security is all about economic security. They do not really care about the politics of security for as long as they are economically secure. This is a very limited understanding of the term "security," yet is totally comprehensible, especially when the people involved belong to the poor class such as the *bumiputras*. But we cannot rely solely on the state. According to the ruling coalition, it is only they that can establish a good government. Looking at the most recent election results, however, the people begin to think that it is not the case. There is a strong denial on the part of the government regarding the people's general sentiments. Thus, the role of the civil society organisation is very important in rethinking a Malay-centred concept of security. Now, there are still no clear written concepts about basic civil rights that are necessary for all Malaysians not only for the Malays but for everyone such as press freedom or the freedom of expression in general. Some nationalists would argue that such rights could be exploited as they encroach upon the private lives of the public officials. But in Malaysia, press freedom is still severely restricted by the government.[302]

Using the slogan of "comprehensive security," the Malaysian government tightly controls some basic civil rights, particularly free speech, and rationalises such limitations as necessary steps for protecting and maintaining peaceful relations among various ethnic groups.[303] As Azizuddin laments:

> Freedom of speech has always been sacrificed in the name of national security. Although democracy is pursued as a political ideal, constraints may be arbitrarily imposed on political processes as deemed necessary to save other fundamental values. Somehow, a strong government that is able to deal with the competing demands of an ethnically diverse society may be viewed as undemocratic as it may deny the people of their basic legitimate rights. Here in Malaysia, it is not the limitation of free speech per se that is being contested but

[302] Interview with Dr. Mohammad Syafi'i Anwar on 24 February 2013 in Kedah, Malaysia.
[303] Interview with Dr. Dr. Mohd Azizuddin Mohd Sani on 24 February 2013 in Kedah, Malaysia.

> rather, the regime's domination in virtually all platforms of political expression in the hope of weakening the opposition as well as supress dissents and criticisms.[304]

Overall, based on the comments made by Malaysian experts, the *Barisan's* security rhetoric and agenda is primarily concerned with the preservation of a *bumiputra*-imagined nation by ensuring their dominance over domestic political, economic and social arrangements. Consequently, the broad objective of pursuing Malaysia's interests has been reduced to the narrow objective of preserving the *bumiputras'* exclusive rights and privileges under the pretext of ethnic equality. By doing so, the Malay-dominated regime can effectively squash its major opponents, thereby preserving its political perpetuity. In this sense, ethnic issues present a strong ethnic challenge to Malaysia's national security, and, indeed, is a compelling force to drive Malaysian policy both in the domestic and international spheres.

7.3.2 On Malaysia's free trade activities

Malaysia's commitment to free trade has played a central role in its remarkable economic transformation throughout its history. No other country in Southeast Asia except for Singapore has had a long-standing commitment to maintaining relatively low trade and investment barriers.[305] The country's open trade policy regime is generally acknowledged as the main driver behind Malaysia's success in harnessing the opportunities and the trickle down effects generated by intensifying trade interdependence (UNDP-Malaysia, 2006; WTO-TPR, 2014). In maintaining the efficacy of Malaysia's trade strategies, Azizuddin argues that:

> Malaysia is trying to be friends with all countries. Now, Vietnam and the Philippines might consider China as a threat but not Malaysia. In fact, Malaysia is now trying to increase its trade with China and the United States in particular. That is why this year [2013] we are celebrating the forty years of Malaysia's diplomatic relations with China. Malaysia's trade relations are in the upward trend. By having close relations with both countries, we not only increase our trade but also enhance our national security. Not to mention our relations with neighbouring countries via the ASEAN is also enhancing our trade prospects, and therefore, our national security. Since Malaysia is a small country, it cannot counter big countries like China on its own. It utilises the ASEAN to increase its effective political leverage and

[304] Ibid.

[305] For more details, see Malaysia's WTO Trade Policy Review 2014 available online at http://www.wto.org/english/tratop_e/tpr_e/tp392_e.htm.

> power. However, although mutual suspicion between member states is minimised it does not mean that the governments can be very confident that interference by others will not take place at one point.

Indeed, Malaysia's export-led growth has generated positive outcomes particularly with respect to domestic levels of unemployment vis-à-vis poverty. However, the government has argued that such results were not sufficient for creating a more equitable multi-ethnic society that is crucial for national security and stability (Gomez and Jomo, 1997; Nathan, 1998; Hilley, 2001; Crump, 2007). Accordingly, a number of racially oriented affirmative policies have been introduced since the 1970s in the hope of promoting a fairer redistribution of wealth and resources among the ethnic groups in Malaysia. One main rationale behind their implementation, according to the government, is to ensure that the trickle-down effects of export-led growth will reach Malaysia's economically marginalised citizens, especially the *bumiputras* (Embong, 2008; Meerman, 2008; Ragayah, 2008). For instance, the government's adoption of the National Economic Policy (NEP) in 1970 had two overarching goals: reduction of nationwide poverty and social restructuring. The idea was to dismantle deeply entrenched disparities in income, wealth and occupation between the *bumiputra*s and *non-bumiputras* (Gomez and Jomo, 1997; Hilley, 2001; Gomez, 2004, 2007; Nelson et al., 2008). The UMNO-led government has viewed such a strategy as key to achieving social cohesion and national unity within a pluralistic Malaysia. In Harold Crouch's (2001, p. 243) assessment:

> Two decades of the NEP transformed Malaysian society…Because social restructuring had been carried out in the context of a rapidly growing economy, the relative and absolute increase in Malay participation in the modern economy was accompanied by only a relative, not an absolute, Chinese decline…[However] it clearly did not bring justice for all. Chinese and Indians felt the brunt of official discrimination while the benefits flowing to the Malay community were by no means distributed equally. Nevertheless, although the government's affirmative action policies did not put an end to ethnic rivalry, they did at least blunt the sense of deprivation felt by many Malays, while discrimination against non-Malays was not permitted to reach a point at which most non-Malays would feel they had nothing to gain from the existing social order.

Despite the seemingly positive outcomes of Malaysian free trade activities, Welsh questions their intrinsic utility by identifying its two implicit roles with respect to *Barisan Nasional's* supremacy.

> Trade agreements serve two roles: first, buttressing alliance relationships that shore up the external legitimacy of the premier and his party, and second, potentially enhancing economic performance which shores up the premier and has portrayed national benefits. Trade discussions foster common ground dialogue with multiple countries, despite the differences on specific issues.[306]

However, from Anwar's point of view, the more important issue to tackle is the willingness of the ruling government to develop and promote the security of the entire Malaysian population through its free trade policies:

> Neoliberal economic policies, such as trade, must support Malaysia as a whole, not only the Malays. To this extent, the state is not the most significant institution of human security but the civil society, including the media, the growing middle class and the NGOs. These forces act as watchdogs against government excesses and drive the reconceptualisation of highly Malay-centric national security.[307]

While agreeing to some of Anwar's assertions, Azizuddin emphasises the current state of grassroots civil society in Malaysia that further reinforces the perception about state supremacy:

> Most Malaysians would argue that the state is still the best entity that could provide security for the people. Grassroots civil society is still very weak in Malaysia. The civil society organisations (CSOs) in Malaysia are too partisan, that is, they either they side with the government or the opposition. Nevertheless, in the post-2000 Malaysian context, there is a shift in the political thinking due to expansion of the middle class. The people have become more critical to the government's affirmative action policies that are increasingly viewed as "discriminatory" despite the media restrictions. Moreover, the current Prime Minister is trying to open up the society to give people more political freedom. Democratisation, I believe, is in the process. [308]

Overall, based on the comments from Malaysian experts, the government has utilised free trade and its complementary neoliberal economic in pursuing its social vision of improving the status of the Malays but often at the expense of other Malaysian ethnic communities. Not surprisingly, the government-configured AAPs have attracted substantial criticisms from various sectors of the Malaysian population. Critics have

[306] Skype interview with Dr. Bridget Welsh on 25 May 2015.
[307] Interview with Dr. Mohammad Syafi'i Anwar on 24 February 2013 in Kedah, Malaysia.
[308] Interview with Dr. Dr. Mohd Azizuddin Mohd Sani on 24 February 2013 in Kedah, Malaysia.

pointed to the inefficiencies stemming from a racially -based (rather than a deprivation-based) system that encourages negligence and indifference on the part of the favoured *bumiputras* (Gomez and Jomo, 1997; Hilley, 2001; Wah and Saravanamuttu, 2003; Nelson et al., 2008). The formulation and implementation of affirmative policies is generally viewed as an inherently discriminatory approach against the non-*bumiputras*, which further diminishes the limited diversity space in Malaysia. As Malaysia's former Prime Minster Tunku Abdul Rahman himself (1986) has postulated: "An attempt was made to fill the target without thought for the ability and the capability of attaining it. Some became rich overnight while others became despicable Ali Babas while the country suffered from economic setbacks."

7.3.3 On Malaysia's security security-trade nexus

The perceived inter-ethnic economic disparity within Malaysia is continuously being used as a rationalisation for not only maintaining, but even enhancing the existing preferential treatments afforded to Malays. As Azizuddin claims:

> The economic strategies adopted, from heavy industrialisation to trade liberalisation, were and still are race-based. Political parties have always played the race card. To some extent, this has reinforced the post- immigrant syndrome common among Chinese and Indian-Malaysians. Because of this the idea of constructive engagement has had limited impacts on the development of mutual confidence among ethnic groups in Malaysia. Policies are structured top-down instead of a bottom-up approach. The debate between guns and butter still tilts toward the latter. Although the government has already done a lot for the people, the social contract of ethnic equality must still be fulfilled. Fortunately, after the violent racial riots in 1969, racial differences within Malaysia have not led to severe ethnic conflicts partly because of the critical middle class. [309]

In a sense, the government's affirmative policies are not simply driven by the vision of building a cohesive and harmonious multi-ethnic Malaysian nation. They are strategically designed to maintain the appeal of the UMNO-led *Barisan Nasional* by maintaining the exclusive rights being granted to the Malay community, which forms the base of the party's electoral support. As Welsh asserts:

> With respect to the role of free trade agreements on Malaysian national security, they enhance the position of the premier and Malaysia's relations in the region/allies. And there

[309] Interview with Dr. Dr. Mohd Azizuddin Mohd Sani on 24 February 2013 in Kedah, Malaysia.

> is a host of issues that can undermine their relevance in the Malaysian context such as the lack of public support/ownership for these agreements; the lack of transparency in the agreements; and the lack of clear benefits for sectors. There are also specific issues, such as government procurement, conflict with the underlying rational of the UMNO leadership/regime.

Furthermore, the imposition of affirmative policies has the paradoxical effect of further curtailing Malaysia's diversity by reinforcing the racial disparities experienced by the non-*bumiputras* to favour their *bumiputra* counterparts. As Anwar warns:

> Malaysia is a pluralist world, with a variety of ethnicities, religions, languages and cultures. This condition is reinforced by the processes of free trade vis-à-vis globalisation, as well as the growth of knowledge and an ever-higher intellectual heritage passing from one generation to the next. The problem, however, is that the percentage of critical middle class in Malaysia while gradually growing is still very small.[310]

Rather than introducing critical reforms that can profoundly transform the extremely prejudiced system that is run by the Malays, the UMNO-led regime takes the pre-existing methods and practices as priori conditions for what it deems as effective governance. As Malaysia's current Prime Minister Najib Razak has come to acknowledge:

> Ethnic-based quotas have been imposed extensively throughout the economy. These practices have also given rise to unhealthy and pervasive rent seeking and patronage activities, which have over-shadowed and irreparably harmed the meritorious performance of key affirmative action programmes. All stakeholders are demanding that these practices be revamped and changed to make them more effective, equitable and inclusive. [311]

Overall, the Malaysian government's pursuit of ethnic parity via the implementation of ethnic-based affirmative policies has paradoxically led to the creation of a one-sided security dilemma that puts the security of the *bumiputras* and non-*bumiputras* at diametrically opposed positions. Such practice of categorising Malaysians between Malays and non-Malays has been the underlying source of strong ethnic division in Malaysia. In the case of Malaysia, free trade has been used as a tool for substantially improving the country's economic wealth in order support the creation and

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[310] Interview with Dr. Mohammad Syafi'i Anwar on 24 February 2013 in Kedah, Malaysia.
[311] See Malaysia's National Economic Model Report 2010, available online at http://www.pmo.gov.my/dokumenattached/NEM_Report_I.pdf, p. 92.

implementation of Malay-centric affirmative policies. From the standpoint of the ruling political party vis-à-vis regime, securing Malaysia's diversity space demands a policy of deliberate favouritism toward the ethnic *bumiputras* even at the expense of other ethnic groups, particularly the Chinese and the Indians.

7.4 TRADING IN BIAS: MALAYSIA'S HUMANIST SECURITY-TRADE LINKAGES

7.4.1 Free trade: the fuel for affirmative action policies

Mixing the right trade recipe

The Malaysian government has carefully utilized trade policies as a means of intervening in the domestic economy to promote certain sectors that are dominated specifically by the Malays. Notwithstanding the cost of intervention (such as the efficiencies arising from the misallocation of resources between protected and non-protected sectors, as well as the creation of rents and seeking behaviour), the government insists that it is a vital condition for the emergence of the *bumiputra* business class. The evolution of the country's free trade policies and strategies can be grouped into four phases: (i) Phase 1 (1957-1970) adopted import substitution to promote the growth of local firms that produced simple consumer goods; (ii) Phase 2 (1970-1980) embraced export-oriented industrialisation policies which led to the creation of free trade zones that gradually reduced tariffs; (iii) Phase 3 (1980 to 1985) initiated a second round of import-substitution policies for heavy industries – automobile, petrochemical, iron and steel and cement industries – which resulted in an increased average protection rate of 70% in the early 1980s from 25% in the early 1960s; and finally, (iv) Phase 4 (1985 to present) introduced structural adjustment programmes that led to substantial tariff reductions and removal of quantitative restrictions.[312]

Foreign direct investments (FDIs) usually follow trade liberalisation and in the case of Malaysia, FDIs have always been a critical factor in economic restructuring (Athukorala, 2005; Tham, 2008). To attract substantial FDIs, Malaysia has offered various incentives including more liberal tax policies, unlimited profit remittances, repatriation of capital related to FDI, and the liberalisation of equity rules (WTO-TPR,

[312] For more details, see Malaysia's WTO Trade Policy Reviews from 1997 to 2014 available online at http://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm. See also, UNDP-Malaysia's 2006 Report available online at http://www.undp.org.my/uploads/UNDP_Booklet_PDF_FORMAT.pdf.

2006, 2010, 2014). In doing so, the government has actively pursued multinational corporations (MNCs) by launching the Malaysian Industrial Development Authority (MIDA) to promote its industrial agenda (Athukorala, 2005; Tham, 2008). Some of the largest MNCs based in the United States, the EU and Japan have since actively invested in Malaysia (WTO-TPR, 2006, 2010, 2014).

Various strategies have been employed in order to create a favourable domestic environment for the MNCs such as the provision of fiscal incentives in the form of tax holidays and the extension of pioneer status to MNCs within the free industrial zones (FIZs).[313] Malaysia's Free Zone Act of 1990 has enabled the creation of FIZs for manufacturing export goods and the free commercial zones (FCZs) for repackaging, trading and transit activities.[314] Moreover, the healthy reserves of an educated and relatively cheap labour force have been available for the MNCs in Malaysia (Rasiah, 2002; Athukorala, 2005; Tham, 2008).

Not surprisingly, the Malaysian economy continues to be outward-oriented with trade in goods and services that accounts for 162.4% of its GDP in 2014 (WTO-TPR, 2014). While the economy is relatively diverse, a substantial portion of its foreign trade is increasingly becoming intra-regional, that is, within the Asia-Pacific (WTO-TPR, 2006, 2010, 2014). The tariff remains one of Malaysia's chief trade instruments that comprised 1.3% of total tax revenue in 2012 (WTO-TPR, 2014). The relatively small amount of tariff revenues reflects the progressive reduction in Malaysia's MFN tariff rate from 7.4% in 2009 to 5.6% in 2013 (WTO-TPR, 2014). Similarly, the gap between Malaysia's applied MFN rate and applied preferential FTA rate has been substantially narrowed (WTO-TPR, 2014).

Malaysia has espoused two key strategies shaping its overall trade and investment climate, namely, the Economic Transformation Programme (ETP), and the Government and the Transformation Programme (GTP). Both initiatives are being implemented through the government's 10th Malaysia Plan for the period 2011 to 2015.[315] Together, they highlight the importance of stimulating a private sector led growth and ensuring the

[313] FIZs are export hubs developed to promote export-oriented industries by ensuring that transaction costs are minimal and providing infrastructure facilities. In other words, companies within the FIZs are able to produce and export goods without paying customs and excise duties, as well as sales and service taxes. See, Athukorala (2005); Tham (2008).

[314] A full copy of Malaysia's Free Zone Act of 1991 is available online at http://www.agc.gov.my/Akta/Vol.%209/Act%20438.pdf.

[315] See, Malaysia's 2010 Economic Transformation Programme available online at http://malaysiafactbook.com/Economic_Transformation_Programme; and the 10th Malaysia Plan available online at http://www.pmo.gov.my/dokumenattached/RMK/RMK10_Eds.pdf.

full incorporation of Malaysian firms within global value chains. To do so, the government focuses its efforts to drawing more investments and fostering greater competition to drive national productivity and innovation, which in turn will help cultivate local skills.[316] In short, the goal is to shift toward a specialisation in higher value-added and knowledge-intensive production activities.[317]

Malaysia's policy elites have emphasised the importance of maintaining a limited role for the state when running the economy through trade and investment liberalisation; elimination of distortive price control mechanisms; regulatory reforms at all government levels; and privatisation of government-linked and/or controlled companies (WTO-TPR, 2014). Furthermore, the government has been urged to promote stronger bases in fast-emerging Asian economies, particularly in the ASEAN and the Gulf regions by intensively promoting various trade-related activities while maintaining close relations with its traditional trade partners such as the United States, the EU and Australia (UNDP-Malaysia, 2006; WTO-TPR, 2006, 2010, 2014). At the multilateral level, Malaysia plays an active role by granting MFN treatment to all WTO members and supporting the negotiations for the Doha Development Agenda (DDA). In addition, the country received Generalised System of Preferences (GSP) treatment from the EU and Turkey until 31 December 2013, as well as from Belarus, Japan, Norway, the Russian Federation and Switzerland.[318] In return, Malaysia has signed the Global System of Trade Preferences among Developing Countries (GSTP) that grants 10.0% preferential tariff for certain goods such as woven fabrics made of man-made fibres (UNCTAD, 2014).

However, at the regional level Malaysia's profound inclination with Third World philosophy during the Mahathir regime partly explained its rather cynical position toward preferential free trade agreements, specifically during the early stages of their

[316] In support of this goal, the ETP has laid out eight reform initiatives, namely: (i) re-energising the private sector; (ii) developing a quality workforce and reducing dependency on foreign labour; (iii) creating a competitive domestic economy; (iv) strengthening the public sector; (v) transparent and market friendly affirmative action; (vi) building the knowledge-base infrastructure; (vii) enhancing the sources of growth; and (ix) ensuring the sustainability of growth.

[317] These initiatives were intended to complement Malaysia's specialisation agenda that focused on twelve national key economic areas (NKEAs) that would drive the domestic economy, including: (i) oil, gas, and energy; (ii) palm oil and rubber; (iii) financial services; (iv) tourism; (v) business services; (vi) electric and electronics (E&E) industry; (vii) wholesale and retail trade; (viii) education; (ix) healthcare; (x) communications content and infrastructure; (xi) agriculture; and (xii) greater Kuala Lumpur or the Klang Valley.

[318] Under the GSP, developed countries provide non-reciprocal preferential treatment (such as zero or low duties on imports) to products originating in developing countries. The preference-giving members unilaterally identified which countries and which products were included under these schemes. See, WTO's main legal provisions available online at http://www.wto.org/english/tratop_e/devel_e/d2legl_e.htm.

development. Under Mahathir's guidance, Malaysia had held fast to the belief that national liberation struggles in the Third World would be a major force in the global revolution to recalibrate the existing politico-economic status quo between advanced capitalist countries in the West and the impoverished regions of Asia, Africa and Latin America (Gomez and Jomo, 1997; Hilley, 2001; Athukorala, 2005). From Mahathir's point of view, Third Worldism could be interpreted as no more than the assertion of humanity of the colonised or previously colonised people:

> When the rich chopped down their own forests, built their poison-belching factories and scoured the world for cheap resources, the poor said nothing. Indeed, they paid for the development of the rich. Now the rich claim a right to regulate the development of the poor countries ... As colonies we were exploited. Now as independent nations, we are to be equally exploited.[319]

Thus, Singapore's announcement of its bilateral FTA plans with Japan in 1999 was met with strong criticism from the Malaysian side. From the viewpoint of Malaysian officials, such a policy stance would not only undermine the cohesiveness of regional economic relations and the prospects for establishing an East Asian Economic Grouping (EAEG) but also the larger multilateral trade process in the WTO.[320] Moreover, by signing individual bilateral trade deals, Malaysia warned other ASEAN members about the possibility of a "back-door" entry for third parties in the region (Athukorala, 2005; Tham, 2008).

Nevertheless, a few years after the ratification of the Japan-Singapore Economic Agreement for a New-Age Partnership (JSEPA) in 2002, Malaysia has started to join the bandwagon. The government began negotiating its own agreements with several countries – India, Japan, Korea, Australia, Chile, New Zealand, Pakistan, Syria, Turkey, United States and the EU – in efforts to address the diminishing competitiveness of Malaysian exports due to preferential treatments extended to other competitors via bilateral FTAs (Arnold, 2005; Sen, 2005; Tham, 2008).

As of 2015, Malaysia's trade network constitutes twelve FTAs including the AFTA. Five of these are ASEAN RTAs with third countries (Australia and New Zealand, India, Japan, South Korea and China), and six are bilateral agreements (with

[319] See, Mohamad Mahathir, Speech at the United Nations Conference on Environment and Development, Rio de Janeiro, June 13, 1992. Available online at, http://focusweb.org/node/1267.
[320] This included Japan, South Korea and China.

Japan, Australia, Chile, India, New Zealand, and Pakistan).[321] In 2012, the Regional Comprehensive Partnership (RCEP) negotiations were launched to intensify the linkages among the sixteen participating economies involved in ASEAN FTAs.[322] Moreover, Malaysia also participates in the Trans-Pacific Partnership (TPP) negotiations along with eleven other countries. [323] It is also currently negotiating RTAs with Turkey, the European Union and the European Free Trade Association (EFTA) comprised of Switzerland, Norway, Iceland and Liechtenstein.[324] Lastly, Malaysia has also actively engaged in the APEC's trade and investment-related initiatives such as the Second Trade Facilitation Action Plan (TFAP II) and Bogor Goals Assessment both launched in 2010, as well as the Supply Chain Connectivity Framework introduced in 2009 (WTO-TPR, 2010, 2014).

The reaping of trade benefits

Through trade liberalisation coupled with FDI creations, Malaysia's economic structure has significantly transformed – from being a raw material producer to a manufacturing-based economy. In 1975, the share of agriculture of GDP was 24.5%, whereas manufacturing's share was only 15.3% (Athukorala, 2005; Tham, 2008). However, by 2012 agriculture's share of GDP dropped to 10.1%, while manufacturing's share rose to 24.2% (WTO-TPR, 2014). Meanwhile, the service sector has been the chief contributor throughout this period, constituting 50.4% of the 2012 GDP (WTO-TPR, 2014). Given the shifting patterns and changing nature of domestic production, the respective shares of each sector in total employment have also changed. Agriculture's share of total employment in 2012 diminished to 11.1% from 40.0% in 1975 (WTO-TPR, 2014). In contrast, manufacturing's share of total employment rose to 28.9% from 15.0% during the same period (WTO-TPR, 2014). Moreover, by 2012, the service sector's share in total employment was estimated at 53.5% (WTO-TPR 2014).

However, before this the manufacturing sector was comprised mainly of small enterprises. The lack of job opportunities amid a rapidly increasing population naturally

[321] See, Asia Regional Integration Centre's list of Asia-Pacific FTAs, available online at http://aric.adb.org/fta-country; and the WTO's Regional Trade Agreements database available online at http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx.

[322] See, ASEAN's Framework for Regional Comprehensive Economic Partnership available online at http://www.asean.org/news/item/asean-framework-for-regional-comprehensive-economic-partnership.

[323] Nations included in the TPP Agreement are Australia, Brunei Darussalam, Canada, Chile, Japan, Mexico, New Zealand, Peru, Singapore, Vietnam and the United States. See the TPP Official Website available online at http://tppinfo.org/.

[324] See ARIC's list of Malaysia's FTAs available online at http://aric.adb.org/fta-country.

resulted in high levels of unemployment, which subsequently led to racial riots in 1969. This compelled the government to adopt structural adjustment policies that would help overcome the identification of ethnicity with particular economic function (Gomez and, Jomo 1997; Hilley, 2001; Athukorala, 2005; Tham, 2008). To do this, Malaysia focused on the development of its manufacturing industries. This led to the establishment of industrial estates in selected centres all over the country where local and foreign investors could put up their manufacturing facilities (UNDP-Malaysia, 2006; WTO-TPR, 2006). The government then created a list of prospective "winners" that would complement Malaysia's macroeconomic targets such as automotive, shipbuilding, iron and steel (UNDP-Malaysia, 2006; WTO-TPR, 2006).

Unfortunately, Malaysia has had limited success developing globally competitive export products considering the lack of clear winners from these industries (Tham, 2004, 2008; UNDP-Malaysia, 2006). Despite this, Malaysia's experiment with export-led market generated huge economic growth. In the 1970s, Malaysia registered an average growth rate of 7.5%, dropped to 5.8% in the 1980s and once again rose to 7.1% in the 1990s (UNDP-Malaysia, 2006; WTO-TPR, 2006). In the aftermath of the Asian financial crisis, GDP growth plunged to recessionary levels. However, unlike some affected countries, Malaysia did not seek IMF assistance dealing with the crisis (Embong, 2008; Nelson, 2008; Ragayah, 2008). After initially adopting traditional tight fiscal and monetary policies, the government decided to implement some non-orthodox measures that were harshly criticised by the international community as they contradicted the IMF's standard remedies (Embong, 2008; Nelson, 2008; Ragayah, 2008).

For example, in mid-1998, the National Economic Action Council (NEAC) directed the government to expand its fiscal and monetary policies, impose capital controls, and peg the Ringgit at RM 3.8 to the US dollar instead of the RM 2.5 pre-crisis rate (Hew, 2005; Ragayah, 2008). Although no other country in the region had adopted these measures, Malaysia's 6.4% per capita GDP growth in 2000 underlined its relative success.[325] To this extent, it can be inferred that Malaysia's high level of openness does not severely undermine its policy space and decision-making autonomy over the application of what may be considered as radical measures against powerful external shocks (Meerman, 2008; Nelson, 2008; Ragayah, 2008).

Since then, Malaysia's economy has been recovering at a moderate rate of 4.7%

[325] See the World Bank's Economic Indicators Databank, available online at http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators.

in the 2000s.[326] Despite the downward trend in Malaysia's economic growth, the country's industrialisation policies have certainly helped in curbing national unemployment, particularly in urban regions, thereby mitigating the incidence of poverty (UNDP-Malaysia, 2006; WTO-TPR, 2006). In the 1970s, 21.0% of the urban population were living below the poverty line.[327] Forty-four years later, urban poverty has declined to 1.0%.[328] Meanwhile, in the rural areas, poverty incidence was reduced 3.4% in 2012 from 59.0% in 1970.[329] Hence, the transition of the Malaysian labour force from a rural-based, low wage sector to urban-based, high income sector has positively contributed to the goal of reducing poverty at the national level.

7.4.2 Costly affirmation: ethnic-based affirmative policies in action

The National Economic Policy (1970-1990): economy for whom?

One of the key strategies employed by the Malay-dominated *Barisan* regime to overcome their insecurity was the adoption and implementation of the NEP from 1970 to 1990.[330] The relative economic insecurity felt by Malays was further aggravated by the results of general elections held on 10 May 1969, which appeared to jeopardise even their political supremacy (Nathan, 1998; Crump, 2007; Humphreys, 2010). The two parties that had campaigned against the legitimacy of special *bumiputra* rights and privileges outlined in Article 153 of the Constitution – the *Parti Gerakan Rakyat Malaysia* (*Gerakan*) and the Democratic Action Party (DAP) – made significant gains from the said election (Nathan, 1998; Crump, 2007; Humphreys, 2010). These perceived vulnerabilities on the part of the Malays had often been regarded as *sine qua non* for the violent racial riots that took place on 13 May 1969. Amid such volatile conditions, a "social engineering" initiative was passed to eradicate poverty and abolish the identification of ethnicities with specific economic functions. That project came to be known as the NEP. Here it worth noting that the Malay supremacy and affirmative actions are two different concepts; the

[326] Ibid.
[327] Ibid.
[328] Ibid.
[329] Ibid.
[330] See Malaysia's New Economic Policy available online at http://www.epu.gov.my/epu-theme/rmk3/chapt%201.pdf; Malaysia's Economic Planning Unit Report available online at http://info.worldbank.org/etools/docs/reducingpoverty/case/25/fullcase/Malaysia%20Full%20Case.pdf.

latter is time-bound whereas the former is not (Faaland et al., 1990; Means, 1991; Gomez and Jomo, 1997; Nathan, 1998; Hilley 2001).

The NEP's overarching goal was the development of a socioeconomic environment where Malaysians could find self-fulfilment in a system that provided for proportional participation, management and control in the economic life of the nation. This vision was to be achieved through rapid expansion of the economy that would reduce the non-Malays' share of the economic pie in relative terms while increasing it in absolute terms (Gomez and Jomo, 1997; Crump, 2007; Beeson and Bellamy, 2008; Humphreys, 2010). Such a strategy was deemed appropriate by the Malaysian government for the redistribution of national wealth in favour of the *bumiputras.*

By the 1980s and 1990s the interventionist policies rolled out in the previous decade had been gradually replaced by economic policies that significantly curtailed the state's economic role (Faaland et al., 1990; Gomez and Jomo, 1997; Nathan, 1998). Nevertheless, the underlying objective of entrenching the *bumiputras'* tight control of the Malaysian political economy had remained intact. Hence, the government launched several programs designed to enhance the Malays' economic security such as the Incorporated and Heavy Industries Corporation of Malaysia (HICOM), as well as the deregulation and privatisation policies implemented in the mid-1980s.[331]

The most ardent proponents of the NEP point to its apparent success, particularly between the 1970s and the 1990s: (i) the increase in the *bumiputras'* share of national wealth from 4.0% to 20.0% per capita GNP rose from RM 1, 142 to RM 12,102; (ii) the reduction of absolute poverty 6.8% from 50.0%; and (iii) the expansion of *bumiputras'* market share from 2.0% to 20.0% (Jomo, 2004; Lee, 2011). However, in terms of wealth redistribution results proved to be inconclusive. Although the Gini index decreased from 51.3 in 1970 to 44.6 in 1997, 70.2% of the total households in the bottom 40.0% income group were *bumiputras* whereas 62.7% of the total household in the top 20.0% were non-Malays (Jomo, 2004; Lee, 2011). Furthermore, intra-ethnic income inequalities had noticeably increased, specifically within the *bumiputra* communities (Lee, 2011; Aziz, 2012).

[331] Malaysia Incorporated was an economic policy initiative based on the idea that the nation was a corporate or business entity, jointly owned by both sectors working together in pursuit of a common mission for the nation. Meanwhile, HICOM was formed to assist in the manufacture of pig iron, aluminium die-casting, pulp and paper, steel, cement, motorcycle and heavy engineering. Its creation was pivotal to the production of Malaysian-made cars. See Faaland et al. (1990); Athukorala (2005); Meerman (2008); Tham (2008).

Despite the affirmative policies' marginal effects on inequality, there is little doubt that the *bumiputras* are now in a much better position than they were in 1969. Although resentment among the non-Malays has remained strong since its introduction, the architects of the NEP have pointed to the fact that Malaysia has not experienced violent race riots similar to those in 1969 when the *bumiputras* felt most vulnerable economically (Faaland et al., 1990; Jomo and Gomez, 1997; Nathan, 1998; Khoo and Wah, 2002). Notwithstanding questions regarding the credibility and consistency of the statistic released to the public by the government, the *Barisan* officials were quick to assert that such figures justified the adoption of an ethnic-based economic restructuring. Despite the claims that such developments were as much the results of robust economic growth as affirmative policies, the Malaysian government had stoutly emphasised the "social equalising" effect of its NEP (Gomez, 2004; Mandal, 2004; Meerman, 2008; Nelson, 2008).

Soon, the broader goal of developing the *bumiputras'* assets has shifted to a much narrower goal of creating wealth for individual Malays based on their business connections and political clout. The system for assigning lucrative government projects has come under the control of well-connected Malays in various bureaucratic agencies (Gomez and Jomo, 1997; Kooh and Wah, 2002; Gomez, 2004; Salazar, 2004; Merman, 2008). Moreover, the "Ali Baba arrangements" being negotiated between the Malay renters looking for "can-do" Chinese business associates that can run *bumiputra*-dominated sectors have become a standard practice (Gomez and Jomo, 1997; Meerman, 2008; Lee, 2011).

This has enabled the commissioned Chinese entrepreneurs to exploit large pools of capital exclusively available to their *bumiputra* counterparts. Hence, underneath the NEP's affirmative policies, a new breed of Chinese impresarios has started to emerge. Therefore, national wealth is trapped in the hands of the economic elites whose successes are largely the results of government favouritism as distinct from merits and skills. Accordingly, Chinese Malays have typically viewed the NEP as the "necessary evil" for preventing further aggressions from the *bumiputras*, and have thus come to terms with these given conditions.

In short, the NEP did completely succeed in addressing the cause of unequal wealth distribution vis-à-vis the economic disparities that it engendered despite the launch of affirmative policies that further shrunk Malaysia's diversity space. Since it did not discriminate on economic status (both rich and poor *bumiputras* were entitled to the

same benefits under the NEP), it became a windfall-generating mechanism for the powerful *bumiputras* rather than an instrument for assisting Malaysia's most marginalised sectors. By lumping together the wealthy and deprived *bumiputras* in one race-based category, the NEP generated imbalances, which resulted in the continued economic deprivation of some Malays. For instance, its goal of enabling the *bumiputras* to acquire 30.0% of national wealth could lead to a scenario where only a few *bumiputras* are sharing 29.0% of the wealth, while the rest compete for the remaining 1.0%.

Another serious criticism worth noting is the absence of specific plans for assisting the Chinese and the Indian-Malays to achieve their 40.0% target during the NEP's actual implementation. Clearly, the NEP has further aggravated Malaysia's patronage system with which the former Prime Minister Mahathir himself had played a proactive role by dispensing favours and providing occasional policy concessions through a web of bilateral arrangements (Faaland et al., 1991; Means, 1991; Gomez and Jomo, 1997; Hilley, 2001; Yusof and Bhattasali, 2008).

National Development Policy (1991-2000): development for whom?

The NEP was replaced by the National Development Policy (NDP) developed by then Prime Minister Mahathir and was implemented in 1991 until 2000. Its main thrust was to further minimise racial imbalances in a more explicit manner. The NDP reiterated the importance of the NEP by maintaining its main components while introducing several modifications, including: (i) a shift in focus of the anti-poverty strategy toward the eradication of hard-core poverty rather than poverty in general; (ii) a shift to the employment and rapid development of the *Bumiputera* Commercial and Industrial Community (BCIC) to enhance Malay participation in modern economic sectors instead of merely emphasising *bumiputra* ownership and control of corporate equity; (iii) greater reliance on the private sector in the restructuring objective by creating greater opportunities for its growth; and (iv) greater focus on human resource development as a fundamental requirement for achieving the objectives of growth and distribution.[332]

On the one hand, competition among foreign firms within the Malaysian economy had been openly supported by the government to limit the role of domestic capital and further accumulation of national wealth largely held by the Chinese

[332] See Malaysia's Economic Planning Unit Report 2004 available online at http://info.worldbank.org/etools/docs/reducingpoverty/case/25/fullcase/Malaysia%20Full%20Case.pdf; and ADB Institutes Discussion Paper 2008 available online at http://www.adbi.org/files/dp102.macroeconomic.management.malaysia.pdf.

community (Sundaram, 1993, 2007; Nathan, 1998; Menon, 2008). On the other, a number of programs had been implemented to promote entrepreneurship, managerial expertise and skills development within the Malay community (Nathan, 1998; Menon, 2008).

In other words, the NDP continued to pursue most the NEP's affirmative actions designed for the ethnic Malays, which further reinforced the *bumiputra's* supremacy over Malaysia's political economy. Notwithstanding the change in focus with respect to the government's two-pronged strategy vis-à-vis its application of a balance development concept, the NDP was, in essence, version two of the older NEP.[333] The outcome was an increase in the number of Malay political elites opposed to any type of concessions that undercut the *bumiputras'* constitutionally guaranteed "privileged space" despite its adverse impact on the country's diversity space.

In fact, even the question of whether or not the NEP and NDP's objectives have been met is considered classified information. From the perspectives of some *bumiputra* elites, the 1969 racial riot were the results of the violation of the social contract between the Malays and non-Malays that emphasised the inviolability of the former's supremacy (Nathan, 1998; Hilley, 2001). Therefore, Malaysia's political system reflects a consociational arrangement where compromises are negotiated by the elites that represent their respective ethnic enclaves (Gomez and Jomo, 1997; Nathan, 1998; Hilley, 2001; Embong, 2008). The viability of the scheme depends on the the government's ability to sell the idea that these inter-ethnic agreements promote and secure the interests of the whole nation and not only those of the most favoured group. However, in reality attempts at power sharing within the ruling *Barisan* coalition were made essentially in Malay terms and conditions. Consequently, gerrymandering and "siege legitimacy" have become common strategies for addressing latent threats to Malay supremacy while preventing the full development of those hidden within specific internal cleavages (Hussein, 2002; Wah, 2002, 2003; Lim, 2003; Ostwald, 2013). To this extent, economic nationalism has led to the consolidation of narrow *bumiputra* security interests as opposed to Malaysia's national security objectives.

New Economic Model (2010 – present): a new economy for whom?

[333] The first prong was directed at reducing and eventually eradicating poverty among all Malaysians, irrespective of race. The second prong was aimed at restructuring Malaysian society to correct the economic imbalance among racial groups, reduce and eventually eradicate the identification of race with economic function. See Malaysia's EPU's Report (2004),pp. 4-5.

In March 2010, Malaysia's current Prime Minister, Najib Razak has unveiled his economic plan called the New Economic Model (NEM).[334] One of its main thrusts is the conversion of some of the NEP's ethnic-based affirmative policies into need-based strategies. The idea is to shift the government's role to being a facilitator rather than a mere orchestrator of pro-growth policies (Gooch, 2010; Lee, 2011). Such a shift would inevitably require the curbing of Malaysia's contentious affirmative policies that have adversely affected the non-Malays. This marked the first time that a Malaysian prime minister had explicitly linked the nation's continuing socioeconomic dilemma with the *Barisan's* social engineering experiments and proposed some important amendments (Lee, 2011).

Although Najib has not advocated for the complete dismantling of affirmative policies, it was a bold political statement that signified a progressive Malaysian leadership in the twenty-first century. Therefore, the questions are what has driven the UMNO-led *Barisan Nasional* to take such a political gamble, and is it sincere about deconstructing its ethnic-based approach to domestic policymaking. While some economists have long contested the efficiency and fairness of Malaysia's AAPs, it is only recently that a leader of the ruling political party has acknowledged an influence on the country's enduring structural economic problems (Gooch, 2010; Schelleken, 2010; Lee, 2011). The UMNO's growing vulnerability as evidenced by the *Barisan* coalition's dismal showing in the 2008 general elections, has made it less contentious for present leaders to undo (at least rhetorically) many of these racially-configured policies.[335]

There are several existing structural problems in the Malaysian political economy that the NEM has attempted to address, including: (i) private investments falling from 32.0% of GDP in 1996 to 10.0% in 2011; (ii) widespread corruption by bureaucrats; heavy dependence on low value-added industries generating low-skilled jobs for low wages; (iii) lack of innovation, creativity and dynamism in the economy; and (iv) an inadequate number of skilled workers (NEAC, 2010). These problems underline

[334] See Malaysia's National Economic Advisory Councils' New Economic Model 2010 available online at http://www.jcci.or.jp/NEM%20for%20Malaysia%20-%20Part%20I_0.pdf (Part 1), and https://www.pmo.gov.my/dokumenattached/NEM_Concluding_Part.pdf (Part 2).

[335] Similar to all post-independence general elections, Malaysia's 2008 parliamentary election was won by the ruling *Barisan* coalition. However, it yielded one of the worst outcomes in the coalition's history after securing only 140 parliamentary seats (or 63.1%) of the total 222 seats. Opposition parties, represented primarily by Democratic Action Party (DAP), the Pan-Malaysian Islamic Party (PAS), and Parti Keadilan Rakyat (PKR), had won a total of 82 seats or 36.9%. It marked the coalition's failure to win a two-thirds supermajority in the Malaysian Parliament required to pass amendments to the Constitution since 1969. Five of the twelve contested state legislatures were also won by the opposition, compared with only one in the 2004 election.

Malaysia's inability to escape from a so-called "middle-income trap" due to its refusal to undertake necessary reforms (Subramaniam, 2014). As such, Najib's proposals have explicitly linked his idea of successful reform with the transformation of national mentality vis-à-vis a comprehensive review of persisting affirmative policies. From Najib's perspective, policies that have worked wonders in the previous era are now posing significant obstacles to Malaysia's success by creating market distortions that put the nation in a disadvantaged position (Lee, 2011). Accordingly, Najib has decided that the Malaysian politico-economic, as well as educational systems need to be reformed by adopting market-friendly and merit-based approaches (Lee, 2011; Subramaniam, 2014). These planned reforms reflect the government's attempt to phase out the provisions that have led to rent-seeking and patronage activities pursued in the name of Malay affirmation. In the words of Najib:

> Affirmative action policies cannot be based on a fixed point in time. They must evolve as the needs and economic conditions of a society change … The NEM is a natural evolution of the NEP to meet contemporary requirements for greater transparency, accountability and the merit-based, rather than race-based, needs of our poorest citizens… Our ultimate goal is that no Malaysian will live in poverty and every citizen will receive a fair chance to succeed and prosper. This was also the goal of the NEP. Its original objectives are still relevant, but it is time to review the way in which inclusiveness is conceptualised and implemented…To achieve our vision of a high-income, sustainable and inclusive economy, we must address disparities in ways that matter to all Malaysians, whether Malay, Chinese, Indians, *Kadadusuns, Ibans* or the *Orang Asli* … Economic disparities have long been a source of these tensions and the NEM seeks to address this gap by striking a fair balance between the special position of the *Bumiputeras* and the legitimate interests of other communities. An inclusive society will narrow the inequalities in our nation, help those in need and will utilise the talents of all Malaysians in our effort to build a competitive economic workforce.[336]

Thus, Najib is the first Malaysian prime minister to openly question and challenge the wisdom of Malay preferentialism. His "1 Malaysia" project was implemented to project globally the present government's internal capability to manage multiculturalism, stability and development. By pushing for inclusive and sustainable policy reforms that mitigate patronage practises and extend affirmative actions toward all underprivileged Malaysians regardless of their ethnicities, Najib is taking a gamble that is unprecedented in the regime's history (Kwek, 2011; Lee, 2011). Malaysia is now under the leadership of

[336] Based on ASEAN Affair's interview with PM Najib Razak available online at http://www.aseanaffairs.com/cover_story_aseanaffairs_magazine_may_jun_2010.

a prime minister that sees the country's structural dilemmas as the unforeseen outcomes of his comrades' affirmative policies. Ironically, it was Najib's father, former Prime Minister Abdul Razak, who instituted these affirmative policies in the aftermath of racial riots in 1969.

Najib is not alone in espousing these views. Based on the opinion poll conducted by Merdeka Centre for Opinion Research, 71.0% of Malaysians (of which 65.0% are Malays) agreed that affirmative policies needed to be reformed.[337] In addition, more than 50.0% of the respondents agreed that politicians were to blame for Malaysia's racial problems while 41.0% did not consider themselves as "Malaysians first."[338] However, this does not imply that the prime minister is not facing some serious opposition. In fact, various sectors have expressed their concerns over Najib's plans including his very own UMNO party, the left-wing and some influential segments of the Malaysian elites (Lee, 2011). Hence, it will be naïve to view such rhetoric as pure altruism, let alone a "metanoia" on the part of UMNO leadership. The underlying motive remains the preservation of the *Barisan's* central role in virtually all aspects of Malaysian affairs under the UMNO's headship. Nonetheless, the announcement to reform certain NEP provisions denotes a shrewd tactical shift on the part of the ruling party vis-à-vis coalition.

Since the NEM's roll out, the government has introduced haphazard reforms. For instance, non-Malays have been allowed to participate in some previously restricted economic subsectors.[339] However, critics have pointed to major areas excluded from the early reforms including finance, mining and resources, real estate and utilities. Moreover, although Najib has rejected calls for a compulsory increase in the 30.0% target for *bumiputra* proprietorship, he has failed to revise, let alone abolish, the said target based on his NEM proposals (Lee, 2011; OECD, 2013). In fact, in June 2010, the Prime Minister confirmed that the NEP target of 30.0% would remain (Lee, 2011). This decision underscores the continuation of preferential treatments given exclusively to the *bumiputras* under the Najib government (Nambiar, 2009, 2010; Lee, 2011). By limiting structural adjustments to non-politically sensitive sectors, Najib's NEM failed to induce

[337] For further details on the said surveys, see Merdeka Center's official website available online at http://www.merdeka.org/pages/02_research.html.
[338] Ibid.
[339] Examples of these are Health and Social Services, Tourism Services, Transport Services, Sporting and Other Recreational Services, some Business Services, Rental/leasing Services (without operators), and Auxiliary Transport Services. For more details, see Malaysia's 2010 Economic Review's Report, available online at http://www.bk.mufg.jp/report/ecorev2010e/Ecoreview_e20100129.pdf.

deeply penetrating reforms into the Malaysian political economy. Hence, the rollback of the "affirmative state" under Najib's leadership remains highly improbable.

Such outcomes, however, are largely predictable given that genuine reforms would imperil the overarching supremacy of the Malay elite. Therefore, the *Barisan Nasional* Supreme Council has rejected Najib's idea of moving away from the NEP target as the coalition was not prepared to risk the status quo that legitimises its power (Nambiar, 2009; Hong, 2010). The re-assessments of affirmative policies were reported to have been watered-down by some senior heads of the UMNO party, thus further highlighting the absence of a unanimous support for Najib's strategic gamble (Hong, 2010; Lee, 2011). Meanwhile, outside the UMNO party, Malaysia's civil servants – comprised mainly of the *bumiputras* – are also a crucial referent unit of the NEP's affirmative policies (Embong, 2008; Meerman, 2008; Nelson, 2008). Understandably, they are the staunchest critics of Najib's "de-racialised" NEM proposals. With approximately 1.2 million Malaysians in the civil service (of which 90.0% are *bumiputras*), the group constitutes a huge electoral support base that the UMNO cannot afford to alienate amid the party's heightened political challenges to the party.[340]

It will be misleading to assume that the opposition parties have a unified stand in favour of the proposals for winding back the *bumiputra*-centric policies. This is evident in the reluctance of the ultra-Islamic PAS for adopting strategies based on a free-market approach and discontinuing exclusive government subsidies for the Malays (Porter and Permatasari, 2010). It will also be a mistake to presuppose that discontented Malay voters will back the attenuation of the AAPs favouring the *bumiputras*. Rather than expressing dissatisfaction toward these policies, the main complaint is against the institutionalised corruption and cronyism enabling the few *bumiputra* families to benefit while excluding the rest of the Malay population (Malhi, 2003; Case, 2004; Welsh, 2004; Derichs, 2004; Liew, 2007). In short, there is insubstantial evidence for suggesting that anti-UMNO Malays would support reforms that will demolish the AAPs from which they derive most of their benefits.

Even more startling is the huge internal backlash that Najib's proposals are facing within the UMNO itself. The rise of the *Perkasa*, a non-governmental Malay supremacy organisation formed in the aftermath of the 2008 general elections, reflects the growing

[340] See, Malaysia's Public Services Commission's Official Website, available online at http://www.spa.gov.my/PortalEng/.

discontent among the members and officials.[341] The group is reported to have some 420, 000 active members, 60.0% of which are said to be from the UMNO. One of its top advisers is no less than former Prime Minister Mahathir. In the midst of the UMNO's growing instability, minimising internal divisions has become a top priority for its leaders even if it entails the preservation of an affirmative state. Consequently, Najib is retreating away from his bold pronouncements, conceding that the pace of reforms rests on people buying-in to the changes (Hookway, 2010; Lee, 2011).

More justifications

As far as the ruling party vis-à-vis regime is concerned, maintaining positive growth via free trade has been a necessary precondition for securing and enhancing one of the primary referents of Malaysia's national security: a fragile diversity space that provides little or no room for the *bumiputras*. While some developing countries are still trying to figure out how to tame the forces of economic liberalisation to work in their favour, Malaysia is already instilling and nurturing a "first-class mentality" among its citizens. To do so, the Malaysian government has staunchly undertaken racially configured affirmative policies that were deemed important for facilitating a more equitable distribution of national wealth. At the surface level, results were short of phenomenal. Between 1970 and 2010, the country's annual economic growth has regularly exceeded 8.0% (averaging to an impressive 6.4% yearly), thus augmenting the national income more than six times. Malaysia's expeditious development coincided with its rapid integration into the world economy, which also resulted in a remarkable progress in education as well as physical infrastructures (UNDP-Malaysia, 2006; WTO-TPR, 2006, 2010, 2014).

These interrelated factors have enabled the government to establish export-oriented manufacturing industries, which have been fuelled by the steady inflow of FDIs. Despite the negative socio-cultural externalities that may have arisen due to the affirmative policies, the *Barisan's* vision of developing a *bumiputra* commercial and industrial class has materialised to some extent. Furthermore, the Malay-dominated government is firm in its belief that its social engineering project has driven the necessary structural transformation within Malaysia by contributing immensely to the development not only of the Malays' physical capabilities but also their mental psyche, thereby reducing their sense of vulnerability and insecurity. These positive results, along with the

[341] See Perkasa's Official Website available online at, http://pribumiperkasa.org/.

relative stability of the domestic environment, cancel out the high costs of Malay affirmation.

By doing so, the *Barisan* government seems to demonstrate (albeit unintentionally), the complementarity between neoliberal economic policies such as free trade and equitable social growth. To a certain extent, the Malaysian experience has shown that a market-oriented economic development can produce relatively equitable occupational and class structures with the help of ethnic-based social policies (Embong, 2008; Meerman, 2008; Ragayah, 2008; Nelson, 2008). Economic growth stimulates the fiscal resources necessary for curing some of the country's social deficiencies and the effective employment of social policies enhances the social cohesion and political stability indispensable to growth. However, as shown in the detailed discussions of Malaysia's affirmative actions, the noble objective of protecting the *bumiputra*s' interests is reduced to the narrow pursuit of preserving the *Barisan's* political supremacy under the pretext of securing Malaysia's diversity space.

7.5 LIMITS TO MALAYSIA'S HUMANIST SECURITY-TRADE LINKAGES

Several factors influence the Malaysian government's capacity for overcoming the deeply entrenched *bumiputra* factor permeating the country's political, economic and social arrangements. These are: (i) economic limits of *bumiputra* affirmation; (ii) political limits of *bumiputra* affirmation; (iii) limits of the *Barisan's* ideological security constructs; and (iv) limits of the *Barisan's* material security constructs. The first and second factors represent the constraints to Malay-centric affirmative policies that are sustained despite their economic and political limits. The third and fourth factors represent Malaysia's 'hearts and minds' security slogan that exacerbate further the one-sided domestic security dilemma. However, it is worth noting that these factors are all interconnected and therefore overlap with each other. Together, they undermine the diversity-upgrading utility of Malaysia's free trade activities by further reinforcing the underlying *bumiputra* factor.

7.5.1 Economic limits of *bumiputra* affirmation

Despite Malaysia's largely acclaimed development story, several factors have eventually weakened the country's economic performance. These are rooted primarily in the inefficiencies of its AAPs which put into question their economic sustainability. When restructuring Malaysian society, the government has sought to create a *bumiputra*

entrepreneurial and industrial community (Mandal, 2004, 2008; Gomez, 2005; Salazar, 2005). This new class was envisioned by Mahathir as the future source of Malaysian innovation and investment that would put the country on the map of the developed world. In other words, the *bumiputra* entrepreneurial and business class would become the driver of Malaysia's economic development. Several measures were undertaken to pursue this objective: (i) privatisation; (ii) purchase of additional firms; (iii) capital participation requirements; (iv) PERNAS subsidiaries; and (v) government contracts.[342]

The general sentiment is that majority of large *bumiputra* enterprises emerged as the result of rents acquired from the government. Only a small fraction of the *bumiputra* business class created over the past decades participated in export-oriented manufacturing industries. Most of them directed their entrepreneurial efforts toward rent-seeking practices induced by patronage politics within the government (Gomez and Jomo, 1997; Nathan, 1998; Hilley, 2001; Meerman, 2008). As such, the *bumiputra* business class is commonly described as crony capitalists whose main function was to act as substitutes for the political patrons. They have been accused of exploiting the resources provided to them by the government, and are therefore often criticised for being rentiers rather than genuine industrialists (Gomez and Jomo, 1997; Hamayotsu, 2004; Mandal, 2004; Salazar, 2004; Lopez 2007).

Mahathir himself was at the forefront of many of the government's economically costly affirmative policies. In fact, prior to his premiership, Mahathir had long argued that equality between races could only be achieved when each race was represented at every layer of Malaysian society, in every sector of employment, in proportion more or less to their percentage in the population (Faaland et al., 1990; Nathan, 1998; Milne and Mauzy, 1999; Hilley, 2001). Mahathir had envisaged a *bumiputra* business class that would eventually develop commercial and industrial expertise necessary to build rents "by investing surplus and creating new wealth, not just for themselves but also for the nation" (in Meerman, 2008: 91).

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[342] The government provided the necessary funds to *Bumiputras* interested in purchasing shares from various firm. *Non-bumiputra* companies were then directed to absorb all interested *Bumiputra* partners. However, the latter had frequently resold their capital shares shortly after acquisition. The *Bumiputras* also took control of PERNAS subsidiaries that operated in insurance, trading, construction, properties, engineering, securities and mining. PERNAS was created to buy businesses and form partnerships with private firms, as well as to nurture developing industries that would be held in trust until the *Bumiputras* obtained adequate experience to take them over. Finally, lucrative government procurements and contracts were offered virtually to *Bumiputras*, while non-*bumiputras* had to settle as sub-contractors. See Gomez and Jomo (1997); Khoo (2002); Wah (2002); Mandal (2004); Salazar (2004); Lopez (2007); Meerman (2008).

However, such an outcome has often been elusive. Members of the *bumiputra* business class have frequently created joint ventures and subcontracted their operations to local and foreign firms that have the right capacity to perform the required tasks.[343] By 2006, 85.0% of the contracts originally awarded to the *bumiputras* went into the hands the non-*bumiputras* (Meerman, 2008). Consequently, the wealth and income of the non-*bumiputras* have substantially increased amid the public sector's heavy reliance on their capacity to carry out critical public investments and deliver other key contracts (Salazar, 2005; Lopez, 2007; Lee, 2008; Meerman, 2008). Such arrangements have produced a corollary effect known as money politics based on patron-client relations, where government assets and contracts are rewarded to individuals or groups supporting politicians from the ruling UMNO party and the larger *Barisan* coalition (Jomo and Gomez, 1997; Salazar, 2005; Lopez, 2007; Lee, 2008; Meerman, 2008). The outcome is the rise of a deeply politicised *bumiputra* business class competing over the management of the Malaysian political economy.[344]

The Malaysian government has incurred significant financial losses pursuing its multiple and varying objectives – from creating public enterprises and infant industries to developing a *bumiputra* business class and the patronage politic that it engendered. However, it is worth mentioning that the audits and reviews of Malaysian public enterprises and corporations are the exceptions rather than the standard.[345] Although the latest datasets are not always available for up-to-date analysis, the available financial information offers several insights about the degree and extent of these losses.[346] First, a substantial part of the estimated four-fold increase in public debt from US$ 8.4 billion in

[343] Most of the privatised enterprises came under the management of *bumiputras* while ownership functions remained under the control of ministries and government boards. By 1984, the government acquired more than a thousand firms from purchasing foreign companies and developing new ventures. However, between 1986 and 1994 a large number of these firms had been liquidated and divested due to poor performance. See Gomez and Jomo (1997); Lopez (2007); Meerman (2008).

[344] Politicians, alongside business entities connected to them were usually favoured by the system and charged with distributing subsidies. By the end of the century, most of these newly erected firms had gone out of business, either due to bankruptcy or expulsion of their proprietors from the government's most-favoured list, that is, 'de-patronaged.' Hence, the key members of the *bumiputra* business class heavily relied on the patronage of powerful politicians. Their capacity to generate profit and accumulate wealth largely depended on the relative influence of their patrons. See, Khoo and Wah (2002); Salazar (2005); Lee (2008); Meerman (2008).

[345] Analysts continue to face enormous difficulty accessing the raw data from Household Income Surveys conducted by Malaysia's Economic Planning Unit (EPU) as they are still deemed to be racially sensitive. Consequently, the analysts of Malaysian ethnic inequalities vis-à-vis diversity space continue to rely heavily on published government statistics that prevent a more objective analysis of the issue.

[346] In an email correspondence with Dr. Tham Siew Yean, Professor and Director of Institute of Malaysia and International Studies at the National University of Malaysia (UKM), the sensitive nature of ethnic income makes it difficult to provide exact national figures.

1980 to US$ 31.4 billion 1986 was attributable to the losses incurred by public enterprises (Lee, 2008; Meerman, 2008). Of the total government expenditures of public enterprises, 75.0% had been appropriated by only a few firms – twenty-seven out of more than one thousand (Gomez, 2004; 2007; Lee, 2008). Most of these extremely costly industries were part of the government- established HICOM, which had some of the highest levels of tariff protection.[347]

Second, the financial outlays associated with the creation of *bumiputra* business class, along with UMNO's patronage politics, were also sizable. A primary example was the government-controlled bank called Bank *Bumiputra*. In her study of post-crisis bank restructuring in Malaysia, Chin Kok Fay (2004) argued that the bank intended to grant loans to well-connected *bumiputras*. Those loans had rarely been repaid. Its subsidiary, the *Bumiputra* Malaysia Finance had its operations in Hong Kong and lost US$1 billion in bad loans between 1979 and 1982. In 1998, Bank *Bumiputra* suffered its third insolvency, which required an estimated capital injection of RM 1.2 billion to revive its operation. Meanwhile, Sime Bank (another government-owned bank) was also forced to close down after declaring bankruptcy when it lost RM 1.8 billion. Following the 1997-1998 Asian financial crisis, the government allotted 17.0% to 22.00% of its GDP (RM 60 billion) for the restructuring of its banking system and rehabilitation of depreciated assets.

Third, and lastly, the huge outflow of skilled labour and capital induced by the so-called Malaysian Chinese diaspora, particularly between the 1970s and the 1990s had adverse effects on domestic economic growth (Crouch, 2001; Embong, 2002; Mandal, 2008). The restrictive regulations underpinning affirmative policies resulted in institutionalised corruption that eroded the essential fabric not only of the *bumiputra* society, but the whole Malaysian nation (Mandal, 2004; Gomez, 2004; Salazar, 2004; Meerman, 2008). Rather than aiming to become efficient managers, producers and manufacturers, many *bumiputras* as well as non-*bumiputras* focused their attention on becoming influential power brokers, knowing that most tenders, awards, licenses and approvals of share allocations were decided on the basis of political connections.

The government continues to emphasise the remaining inter-ethnic economic gap as justification for preserving AAPs. This is despite the fact that the indicator used to

[347] For instance, Malaysia's national car, Proton, covered its much of its costs through the imposition of nominal tariff protection averaging to more than 50.0%. Similarly, cement factories employed high tariff rates to induce profits in the 1990s prior to their sell-off. Meanwhile, the country's leading manufacturer of steel products, Perwaja Holdings Bhd, had been bailed out three times between the mid-1980s and 1997, and is currently being rehabilitated. See, Gomez (2004); Athukorala (2005); Lee (2008); Meerman (2008); Tham (2008).

measure this gap (the inter-ethnic income ratio or IIR) does not accurately reflect varying patterns of income distribution within specific ethnic groups, particularly in cases of highly slanted distributions (Khoo and Wah, 2002; Mandal, 2004; Meerman, 2008; Lee 2011). Thus, it fails to capture the difference between reducing the gap by raising the incomes of many poor *bumiputras* and narrowing the disparity by allowing only a few rich *bumiputras* to amass more capital (Meerman, 2008; Nelson, 2008). This scenario potentially leads to the over concentration of national wealth in the hands of very few elites who are likely to exploit the resulting power configuration when pursuing their vested interests. The notion of narrowing the inter-ethnic economic gap by encouraging income accumulation within the upper *bumiputra* strata inevitably leads to wider inequalities at both the community and national levels.[348]

7.5.2 Political limits of *bumiputra* affirmation

Despite the scepticism toward genuine motives for formulating and implementing affirmative policies that disproportionately favour the Malays, the UMNO-led *Barisan Nasional* is adamant that it has done so for altruistic reasons. One way of examining the political sustainability of ethnic-based AAPs is by looking at the way in which they affect the government's autonomy ratifying and enacting its preferred policy objectives (Lopez, 2007; Nelson et al., 2008). The Malaysian experience challenges the traditional view that globalisation essentially compels national governments to limit their roles in order to successfully open their economies to international trade and foreign investments, irrespective of their impacts on domestic welfare and equity. Malaysia did not shy away from taking alternative paths when the dominant neoliberal philosophies and prescribed remedies were at odds with its vision. On the contrary, it implemented robust social policies, which despite their enormous costs have proved compatible with equitable growth. Under the Mahathir regime, the government attempted to rationalise its policy

[348] In fact, the persisting gap is primarily caused by a significant percentage of *bumiputras* employed in low-income sectors found in rural parts of the country. In addition, a portion of this gap can be explained by the large concentration of *Bumiputras* in government sectors, which traditionally offers lower wages than private firms. Further, the gap is also prone to overestimation given that a wide range of subsidies exclusively available to *bumiputras* are not accounted for when calculating household incomes. Indeed, one of the corollary outcomes of the AAPs was the emergence of a three-tiered economy driven by a *bumiputra*-dominated public sector; a mixed-controlled private national sector; and a foreign-led FDI sector. For more details, see Mandal (2004); Gomez (2007); Lopez (2007); Embong (2008); Meerman (2008); Nelson (2008); Ragayah (2008).

choices in terms of its Look East Policy (LEP).[349] Although the LEP did not yield highly successful outcomes, it demonstrated that the powerful ideological influence of economic globalisation had not severely constrained Malaysia's policy preferences (Lopez, 2007; Nelson et al., 2008).

From the perspective of top *bumiputra* officials, the AAPs strongly illustrate the government's freedom to develop its desired socioeconomic strategies and consolidate efforts in pursuing them. They are striking manifestations of Malaysian policy independence amid the constraints generated by intense competition for global markets and investments. The fortuitous racial riots of 1969 convinced Malaysia's political figures that stability and national unity necessitated extensive alleviation of national poverty vis-à-vis the substantial extenuation of ethnic inequalities in income and wealth (Faaland et al., 1990; Gomez and Jomo, 1997; Nathan, 1998; Hilley, 2001). This realisation made social restructuring an urgent and crucial "extraordinary" measure that needed to be adopted to protect national security. Thus, rather than treating economic growth and social agendas as mutually exclusive, the Malaysian government emphasised complementarity between the two by pushing for the rapid advancement of *bumiputras'* welfare status without completely neglecting non-*bumiputras*' conditions (Mandal, 2004; Lopez, 2007; Nelson et al., 2008).

The period between 1970 and 1990 largely reflected this conjecture. Foreign investors have generally tolerated the imposition of the AAP quotas along with other costs primarily because of their perceived influence sustaining and strengthening domestic socio-political stability. While Malaysia has been chiefly concerned with pursuing economic growth, the government believed that it was able to maintain the balance between its social initiatives and those intended to stimulate trade and investment (UNDP-Malaysia, 2006; Meerman, 2008; Nelson, 2008; Tham, 2008). Thus, although economic liberalisation processes have compelled the government to modify at least some of its affirmative policies, particularly during the economic recession in the mid-1980s, they did not thwart the core thrust of Malaysia's social vision.

[349] The LEP was launched at the beginning of Mahathir's career as Prime Minister in late 1981. The policy did not only focus on Japan, but South Korea and Taiwan as well. From Mahathir's view, the notion of 'looking East' meant learning the good values of the East (such as technological skills and work ethics) rather following all East Asian practices blindly or trading exclusively with them. A huge emphasis was placed on developing cooperative projects to enable the technology transfers that would benefit both parties. For more in depth discussion of the LEP, see Mahathir (1999); Hilley (2001); Khoo and Wah (2002); Gomez (2004); Welsh (2004).

In this sense, the *bumiputra* leaders have argued that the continuity of political control by one dominant party may have enriched Malaysia's policy autonomy (Meerman, 2008; Nelson, 2008; Tham, 2008). However, the problems of patronage politics and clientelism have become so pervasive that they now threaten to undermine all justifications that used to preserve the supremacy of the UMNO-dominated regime. Over the decades, the demands and pressures coming from these well-entrenched coteries have progressively grown and now have the power to influence policymaking procedures. The majority of the largesse coming from AAPs have been channelled to members of the Malay business class that boast special affinity with the ruling party, thereby aggravating the patronage culture enveloping the system (Gomez and Jomo, 1997; Case, 2004; Hamayotsu, 2004; Salazar, 2004; Welsh, 2004).

Thus, another way to assess the political sustainability of ethnic-based AAPs is by looking at their implications for the continued primacy of the UMNO party vis-à-vis the *Barisan* coalition. There are several important shifts within Malaysia that can potentially alter the manner with which ethnic-oriented policies are crafted. First, advancements made in the education sector have resulted in the rise of socio-civic organisations actively engaging in national policy debates. Although the government has typically treated civil society pressures and criticisms as mere disturbances to day-to-day governance, they have the power to influence decisions especially when oppositional parties decide to adopt and pursue the issues (Abbott 2004; Mandal 2004; Lopez, 2007; Nelson, 2008). Despite limited government attention, the level of critical voices and views expressed by non-state actors over specific components of the AAPs has continued to amplify.

Second, issues concerning inter-ethnic relations are also quickly transforming and require new policy strategies. Despite the perceived importance of the AAPs mitigating the income and professional gaps between *bumiputras* and non-*bumiputras*, Malaysian society has remained deeply divided and polarised. The causes of underlying tensions among ethnic groups are deeper and more complex than traditional economic considerations. They involve the need to recognise and respect differing cultural values and religious sensitivities observed by each ethnic community (Welsh, 2004; Derichs, 2004; Nelson, 2008; Ragayah, 2008). In terms of ethnicity, the formulation of national culture policy has proved problematic given that it cannot be established which ethnic faction should take over decision-making processes involving cultural matters (Nathan, 1998; Mandal 2008, 200; Nelson, 2008). With respect to religion, the worldwide resurgence of Islam, sifted through and combined with the Malay Muslims' vision, is

progressively restructuring Malaysian bureaucracy, laws and institutions. The country's policy elites are being constrained by mounting tensions between the necessity of facilitating an attractive investment environment, and escalating pressures emerging from Islamic globalisation (Hussein, 2002; Khan, 2003; Liew, 2007; Othman, 2008).

Third, and lastly, Malaysia's ability to effectively fulfil its chosen policy goals and objectives also depends on its national administrative apparatus. For the most part, the four decades of the AAPs have somehow improved government capacity through wealth creation, human resource development, technological advancement and cross-sectoral capital base expansion (Gomez, 2007; Meerman, 2008; Nelson, 2008; Lee, 2011). However, bureaucratic inefficiencies and corruption are gradually eroding Malaysia's capacity to efficiently compete globally, which in turn, tarnishes the image of the ruling party and coalition. The launch of the National Integrity Plan in 2004 was intended to address corruptions, malpractices and all the inefficiencies plaguing the bureaucracy.[350] But despite the initial announcements that efforts to improve Malaysia's national image and integrity were to start from the grassroots right up to the highest stratum of society, it remains unclear whether corrective policies will be implemented at both lower and higher tiers of government.[351]

7.5.3 Limits of the *Barisan's* ideological security constructs

A central task of the *Barisan's* security ideology is the regulation and control of alternative channels for discussing nonconforming opinions (Humphreys, 2010; Chen, 2012). Varieties of ideological constructs were in place to legitimise the suppression of local political opponents and critics, thereby protecting the prevailing Malay-dominated status quo. As Anthony Downs (1957: 96) argues, these nonmaterial forces represent "a verbal image of the good society and of the chief means of constructing such a society." In other words, the government systematically regulates the employment of ideologies to promote and preserve the security of the UMNO-led *Barisan Nasional* coalition, pursued under the pretext of safeguarding the constitutionality of Malay rights and privileges.

[350] See Malaysia's National Integrity Plan 2004 available online at http://www.pmo.gov.my/dokumenattached/Dasar/NIP.pdf.

[351] Bureaucratic efficiency and integrity issues are somewhat influenced by the level of salaries and benefits offered in various government sectors. Therefore, improved salary schemes such as annual income increments are expected to change the negative practices and attitudes commonly attributed to civil servants. For further discussions see Meerman (2008); Nelson (2008); Welsh (2013).

The coalition's security ideologies serve a two-level function: first, restricting the space available for alternative ideas that question the *Barisan*; and second, legitimising the passage and enactment of coercive instruments vis-à-vis the coalition that exercises them (Humphreys, 2010; Azizuddin, 2010). In doing so, they help to secure the pre-eminent status of the coalition against threats coming from various oppositional groups. However, the fluidity of ideas implies that the coalition's security ideologies are neither permanent nor fixed, but are contingent on specific political and social contexts of the time (Humphreys, 2010; Chen, 2012). Hence, there is no overarching idea that dominates Malaysia's security rhetoric. Nevertheless, there is an underlying goal that binds these security ideologies together: winning the hearts and minds of social actors that threaten Malaysia's national security defined as the *Barisan* regime's security.

These coalition-enhancing ideational constructs create a "cloak for shabby motives and appearances" by legitimising and giving meaning to its conducts (Apter, 1965: 314). They act as political tools for securing the coalition's hegemony rather than being mere reflections of the country's national aspirations. The uncertainty of Malaysian politics in the twenty-first century transforms these ideological constructs into electoral "chips" that are necessary for the regime's continued survival (Derichs, 2004; Welsh, 2004, 2013; Gomez, 2007; Mohamad, 2007; Chen, 2012). Accordingly, the ideational components underpinning Malaysia's national security framework are naturally bent to quash counter-narratives, thereby shrinking the country's diversity space.

Islam plays a pivotal role in the hearts and minds campaign of the coalition. As an Islamic federal constitutional monarchy, Malaysia's national security becomes a function of its state-configured Islamic ideology. The goal is to cement the country's role as a worthy leader of the Muslim world by projecting an image of moderation and tolerance (Humphreys, 2010; Azizuddin, 2010; Chen, 2012). Accordingly, Islam must be the people's way of life and the coalition's brand of leadership. It is the very "visible hand" that runs and controls Malaysia's affairs and dictates what the objects of national security will be. The creation of the country's national security rhetoric and agenda based on the underlying goal of securing the coalition becomes the paramount concern of the dominant *Barisan* elites especially the UMNO members.

Mahathir's security ideology

A centrepiece of this movement is the development and propagation of Mahathir's version of Islam both locally and internationally. At the global level, Mahathir's government had portrayed Malaysia as the "model Islamic state" of the post-9/11 world (Hooker, 2003; Malhi, 2003; Welsh, 2004; Humphreys, 2010). The former prime minister claimed that his government was successful fighting terrorism domestically by adding ideological "sweeteners" to its coercive policies (Hilley, 2001; Othman, 2008; Azizuddin, 2010). Such assertions were usually made in the context of an Emergency where the defeat of communism was largely viewed as a result of a hearts and minds ideology that emphasised a moderate and tolerant Islam (Nathan 1998; Welsh, 2004; Beeson and Bellamy, 2008).

However, at the domestic level the opposite was observed. Mahathir's state-sponsored Islam was propagated with the help of strong coercive legislation such as the Internal Security Act (ISA) of 1960 and more recently, the Security Offences Special Measures Act (SOSMA) passed in 2012. Consequently, an underlying paradox emanated from Mahathir's ideational panorama: that is, conquering the hearts and minds of the fearful population thru forced imposition of a coalition made Islam. The implicit goal of eliminating counter-narratives to the *Barisan's* vision of Malaysian nation building had been pursued under the banner of counter-terrorism (Humphreys, 2010; Azizuddin, 2010). Islamic education had been centralised to wither interpretations that were deemed "divergent" by coalition members (Hamayotsu, 2003; Khan, 2003; Noor, 2003; Shamsul, 2003). *Jawi* (an Arabic alphabet) was adopted in primary schools to strengthen the development of Malaysian identity based on the Islamic doctrines approved by the *Barisan* (Noor, 2003; Shamsul, 2003).

Such initiatives were putting greater constraints on the remaining diversity space available for Malaysia's non-Muslim and non-Malay citizens. The result was a two-faced Malaysian security ideology that endorsed non-violent and non-forcible Islamic rhetoric at the international scene while encouraging coercive and aggressive measures to implement them at the domestic level (Humphreys, 2010; Azizuddin, 2010; Welsh, 2013). Nevertheless, it effectively helped to legitimise the government's security machinery in a way that perpetuated the Malay-dominated regime.

Badawi's security ideology

In October 2003, after twenty-two years in office, yet another candidate from the Barisan coalition representing UMNO, Prime Minister Abdullah Ahmad Badawi, replaced

Mahathir. Despite his initial promise to adopt a softer approach, Badawi continued Mahathir's strategy of fusing together coercive and ideological apparatus when crafting Malaysia's national security framework. Badawi's security doctrine, which he called *Islam Hadhari* (Civilisational Islam), reflected the past administrations' aim of securing the coalition rather than the diversity of its multi-ethnic, multi-religious population (Chong, 2006; Humphreys, 2010; Welsh, 2013). *Islam Hadhari* was not significantly different from Mahathir's "Asian values" in substance. However, in terms of form, Badawi's ideology took Mahathir's idea of a model Islamic state to the next level by developing a comprehensive doctrine that was supposed to embrace Muslims and non-Muslims alike at home and abroad (Humphreys, 2010; Azizuddin, 2010; Welsh, 2013). In other words, Malaysia's signature Islam was transformed into an exportable commodity that would reinforce the legitimacy of the *Barisan* coalition well beyond the country's borders.

As far its main architects were concerned, *Islam Hadhari* was neither a new religion nor a denomination but an effort to bring the *ummah* (a collective term identifying all adherents of the Muslim faith) back to its fundamental Islamic roots as prescribed in the Qur'an. The terms used to develop *Islam Hadhari* were universal, and could be applied to different contexts. Badawi's ideology represented a shift toward an understanding of the contemporary era within the purview of Islam. By utilising charismatic Islamic terminology, Badawi had succeeded in reigniting the coalition's unpopular security ideology (Al-Attas and Chuan, 2005; Liow, 2005; Welsh, 2013). In other words, the form rather than substance made *Islam Hadhari* an appealing ideological construct.

By restoring the sense of moderation toward the practice of Islam, Badawi had hoped that the non-Muslim Malaysians would feel embraced by the regime (Hamayotsu, 2004; Welsh, 2013; Hamid and Ismail, 2014). For instance, the economic undertones of *Islam Hadhari's* principles reflect Badawi's promotion of Islam as a religion for development.[352] As such, Islam was portrayed as a progressive religion that valued individual and communal development (Noor, 2008; Hamid and Ismail, 2014). From Badawi's standpoint, it was Malaysia's duty to demonstrate by word and action that a Muslim country could be modern, democratic, tolerant and economically competitive

[352] *Islam Hadhari* posits ten fundamental principles that Muslim countries must demonstrate, namely: (i) faith and piety in Allah; (ii) just and trustworthy government; (iii) free and independent people; (iv) vigorous pursuit and mastery of knowledge; (v) balanced and comprehensive economic development; (vi) good quality of life for the people; (vii) protection of the rights of minority groups and women; (viii) cultural and moral integrity; (ix) safeguarding natural resources and the environment; and (ix) strong defence capabilities. See, Azizuddin (2009); Welsh (2013); Hamid and Ismail (2014).

(Gatsiounis, 2006; Humphreys, 2010; Welsh, 2013). While Badawi was aware that his security ideology was hardly a panacea, he was optimistic that his brainchild provided valuable insights into how a progressive and modem Muslim nation could be built.

Locally, the operationalisation of Badawi's doctrines was questionable at best. It was not clear whether *Islam Hadhari* represented genuine efforts toward the progressive interpretation of Islamic thinking or was merely a strategy for securing Malaysian votes by not openly marginalising its non-Malay and non-Muslim population (Noor, 2003; Hamayotsu, 2004). The coalition utilised its ideological machineries to justify the coercive measures undertaken during a series of crackdowns against "deviant" sects such as the *Tarikat Samaniah Ibrahim Bonjol* in 2004, and *Terengganu* or Sky Kingdom in 2005. The government has portrayed these religious entities as threats to Malaysia's national security by espousing alternative views of Islam and adopting a lifestyle that was different from those endorsed by the *Barisan*. These events highlight Malaysia's unsecured diversity space, exacerbating the one-sided domestic security dilemma.

Furthermore, *Islam Hadhari* had also provided the government with an effective ideological apparatus for stifling its political rival, the Pan-Malaysian Islamic Party (PAS). Badawi likened the PAS' brand of Islam to a trap that must be exposed to prevent Malay Muslims from becoming ensnared (Chong, 2006). Under *Islam Hadhari*, the PAS faced a "lose-lose" situation: either to comply with a *Barisan*–sponsored Islam and operate within this limited context, or reject this model altogether and become an enemy of the state (Hilley, 2001; Noor, 2003; Humphreys, 2010; Azizuddin, 2010). Either way, the ideological terrain within which the PAS could manoeuvre was significantly diminished. Thus, *Islam Hadhari* enhanced the government's monopolistic control over the organisation and facilitation of Islam. Divergent sects operating beyond the provisions and boundaries set by the coalition were more easily detected and trounced.

Clearly, Badawi's security ideology had become an extension of the implicit campaign against the expansion of diversity space that is critical for Malaysia's pluralistic society. *Islam Hadhari* had inevitably led to the Islamisation of the general populace by placing a *Barisan* - configured Islam at the foreground of Malaysian politics (Azizuddin, 2010; Welsh, 2013). Furthermore, the patronage system has made Malaysians heavily reliant on the goodwill of the government not only politically and economically, but also ideologically (Hamayotsu, 2004; Salazar, 2010; Humphreys, 2010). In contrast to the supposedly "universal" outlook of *Islam Hadhari*, this ideological construct generated a

self-justifying, intolerant and backward-looking Malay mind set (Noor, 2003; Azizuddin, 2010; Welsh, 2013).

Overall, the government's claim of instituting a moderate state-sponsored Islam remains highly debatable. To begin with, its definition of the term "moderate" is vague. The de facto prohibition of a PAS-conceptualised Islam contradicts the moderation slogan endorsed by the ruling party vis-à-vis coalition. The *Barisan's* brand of Islam had become indistinct from the one espoused by the PAS (Khoo, 2004; Chong, 2006; Humphreys, 2010). These observations underline the role of ideological constructs in securing the perpetuity of the UMNO-dominated *Barisan Nasional*. The underlying motive behind the coalition's projection of Malaysian Islam as the "reasonable" or "enlightened" variant of the religion is the promotion of a state ideology that strengthens the stranglehold of the regime and its interests. Although the government projects its state-manufactured Islam as a necessary ingredient for establishing Malaysia's leadership role in the Muslim world, its tendency to quell deviant voices underscores the regressive nature of the model. Rather than propagating a moderate Islam, the coalition is moderating its state-configured religion to suppress all threats to its supremacy. Therefore, the ultimate goal is to secure the primacy and legitimacy of the UMNO party vis-à-vis the *Barisan* coalition against opposition emanating from Malaysia's multi-ethnic and multi-religious society.

7.5.4 Limits of the *Barisan's* material security constructs

Material security apparatuses are complementing the government's ideational security constructs. These are coercive laws designed to secure the status quo by removing all material and/or ideational challenges to its legitimacy (Case, 2004; Crump, 2007; Derichs, 2004; Humphreys, 2010; Azizuddin, 2010; Lee, 2011). A primary example is the recently repealed Internal Security Act (ISA) initially passed by then Prime Minister Abdul Rahman in 1960. As stated in Section 73 of the said Act: "any police officer may arrest and detain without warrant any person who has acted or is about to act or is likely to act in any manner prejudicial to the security of Malaysia or any part thereof."[353] The ISA is complemented by the Sedition Act revised in 1971 by Malaysia's second Prime Minister Tun Abdul Razak, which essentially made the questioning of Malay supremacy an act of

[353] The ISA served as a preventive detention law that enabled the arrests of individuals without trial and criminal charges under limited, legally defined circumstances for sixty days. Moreover, the Act also enabled an extension of the detention period for up to two years at the discretion of the Home Minister with minimal judicial review. See Malaysia's Internal Security Act of 1960 available online at http://www.agc.gov.my/Akta/Vol.%202/Act%2082.pdf.

treason. The latter prohibits virtually all activities with "seditious tendency" that result in disaffection and hostility toward the government or communal ill-will.[354] Despite initial controversies, the coalition skilfully justified the passage of the ISA and the Sedition Act by arguing that they are crucial for ensuring Malaysia's internal security and stability (Nathan, 1998; Crump, 2007; Beeson and Bellamy, 2008). Such laws are deemed to be particularly relevant in the context of a post-9/11 world order, where they serve as effective counterterrorism measures akin to the Patriot Act of the United States and the Anti-Terrorism Act of Britain.

However, in recent years opposition to the ISA has considerably grown. Critics have argued that the Act was passed to stifle what should have been legitimate political opposition under a well-functioning democratic society. Its preventative nature was compared to an internal pre-emptive strike (Khoo and Wah, 2002; Gomez, 2007). For example, during the *Operasi Lalang* (Weeding Operation) in 1987, 106 people were arrested without proper charges under the ISA. Most of the detainees were members of the opposition party and various social activist groups. The coalition issued a White Paper explaining the arrests, stating that various groups who had created racial tension in the country by playing up sensitive issues had exploited the government's liberal and tolerant attitude (Khoo and Wah, 2002; Gomez, 2007).

One of the most significant outcomes of the struggle was the introduction of section 8B of the ISA, which blocked the judicial review of ISA detentions including those brought as *habeas corpus* petitions (Flaherty and Fritz, 2002; HRW, 2004). In 2001, this section of the ISA was used to detain members of the People's Justice Party (PJP) dubbed as the *Reformasi* or *KeADILan* 10.[355] The detainees led by Anwar Ibrahim's wife Wan Azizah Ismail had pressed vocally for the former's release. Ibrahim was earlier convicted of the misuse of power and acts of sodomy in trials that were marred by the coerced confessions of key witnesses according to Human Rights Watch.[356] Prior to his imprisonment, Anwar was leading rallies across Malaysia in support of his newly-formed *reformasi* movement, preaching to vast crowds about the necessity for far-reaching social, political, and economic reforms (HRW, 2004, Welsh, 2004; Crump, 2007). In response, Mahathir's side claimed that the arrested activists were planning violent protests to overthrow the government and were attempting to procure dangerous

[354] See Malaysia's Sedition Act of 1948 available online at http://www.agc.gov.my/Akta/Vol.%201/Act%2015.pdf.
[355] For a full copy of the report see the Human Rights Watch website available online at http://www.hrw.org/sites/default/files/reports/malaysia0504.pdf.
[356] Ibid.

weapons and explosives (HRW, 2004; Welsh, 2004; Crump, 2007). Despite the serious nature of these charges, the government failed to produce any credible evidence to support its accusations.

Such abuses drove the oppositionist groups, human rights activists and other civil society advocates to mobilise large-scale protests against the ISA. For the protesters, the Act was an unnecessary draconian law that did not bode well for Malaysia's vision of progressing toward a "developed nation" status (Khoo, 2003; HRW, 2004; Welsh, 2004). The popularity of these movements, along with the resurgence of a stronger opposition after the 2008 General Elections, played a crucial role in Prime Minister Najib's decision to repeal the Act. In 2012, the Security Offences (Special Measures) Act or SOSMA officially replaced the ISA.[357] The new Act is envisioned "to provide for special measures relating to security offences for the purpose of maintaining public order and security and for connected matters."

In contrast to the ISA, the new law requires the filing of charges based on credible evidence against detainees after twenty-eight days.[358] Thus, the burden to produce reliable proofs within a specified period is shifted to the government's law enforcement and intelligence agencies responsible for combating terrorist activities. However, the SOSMA is also criticised from both sides. On the one hand, anti-terrorist groups argue that the requirement to bring charges within twenty-eight days weakens Malaysia's capacity to pre-emptively contain terrorist threats (HRW, 2012; Spiegel, 2012; Jeffrey, 2013). On the other, human rights groups criticise SOSMA for allowing police to authorise communication intercepts and permitting prosecutors to present evidence without disclosing sources. Moreover, acquitted suspects in the midst of an appeal may still be detained in prison or tethered to a monitoring device until the appeal had been formally settled (HRW, 2012; Spiegel, 2012).

Overall, the effectiveness of these laws in curbing threats of terrorism remains inconclusive. Yet, it is clear how such coercive mechanisms have been utilised to secure the interests of the coalition by suppressing "rogue" ideas while rationalising the continued supremacy of the UMNO party vis-à-vis the *Barisan* coalition at the expense of Malaysia's already limited diversity space.

7.6 CONCLUSIONS

[357] See Malaysia's Security Offences (Special Measures) Act of 2002 available online at http://www.federalgazette.agc.gov.my/outputaktap/20120622_747_BI_Act%20747%20BI.pdf.
[358] Ibid.

In the case of Malaysia, the noble aspiration of protecting Malay interests has been reduced to the narrow objective of preserving the political legitimacy and supremacy of the UMNO-led *Barisan Nasional*. The government has driven forward its *bumiputra*-oriented social vision via the construction and implementation of racially configured affirmative policies even when they were detrimental to other ethnic groups in the country. This is despite the fact that Malaysia's national security is essentially anchored in the conditions surrounding its remaining diversity space amid a pluralist society. Rather than promoting a greater sense of national unity, domestic institutional mechanisms have engendered racially informed perspectives that are socially divisive.

Government efforts to propagate a Malaysia identity have only resulted in the institutionalisation of a reductive social frame based on ethnic identities, hence creating even deeper tensions and divisions within the nation. The ideational and material security apparatuses used by the ruling party and coalition have further reinforced the Malay-dominated status quo, so much so that they have been amalgamated with the Malaysian nation-state. Ideological security constructs have enabled the *Barisan* to moderate a state-configured religion designed to eradicate its political nemesis. Although the government insists that a state-manufactured Islam be a necessary component of Malaysian leadership role in the Muslim world, its tendency to suppress deviant voices underlines its regressive nature. Material security apparatuses have also allowed the *Barisan* to secure its political interests by muffling "rogue" ideas and rationalising its continued supremacy as an indispensable part of Malaysia's national security. The result is the creation of a Malay-dominated status quo that exploits Malaysia's political, economic and social arrangements at the expense of all non-Malay and non-Muslim Malaysians.

Therefore, it may be inferred that Malaysia's national security is primarily intended to mitigate the insecurities felt by the *bumiputras* promoting their ethnic interests above all other racial groups. Such an approach inevitably leads to a one-sided domestic security dilemma where improvements in the relative security of non-Malays unnecessarily lead to the relative insecurity of the Malays. Along with its complementary neoliberal economic policies, free trade has played a pivotal role in the emergence and continuation of this dilemma. The huge risks taken by the government to participate in free trade have yielded substantial economic growth for the country. The wealth generated from this growth fuelled the operation of lopsided affirmative policies such as the NEP, NDP and NEM, which have all been pursued under the pretext of ethnic equality. Not surprisingly, the AAPs received huge criticisms from various members of

the Malaysian population, particularly from the non-Malays as well as the "othered" *bumiputras*. The inefficiencies created by these racial-based initiatives have been staunchly debated and questioned from all sides – political, economic and social. Still, the government has continued to insist the AAPs are morally guided as they are designed to improve the quality and quantity of space available for the marginalised and powerless *bumiputras*.

This tradition of dividing Malaysians into *bumiputras* and non-*bumiputras* has been at the crux of the country's deeply entrenched ethnic divisions. In essence, the concept of *bumiputraism* has retarded the development of a genuinely Malaysian nationalism based on plurality by unevenly promoting Malay ethnicity even after fifty-seven years of sovereignty. Behind these actions lay the UMNO vis-à-vis the *Barisan's* deep-seated political interests that must be protected at all costs. Hence, it is difficult to de-ethnicise Malaysia's policymaking processes since ethnicity has always been the main thrust of the government's national security rhetoric and agenda. Given the *bumiputras*' pre-eminence in virtually all aspects of domestic affairs, the notion of Malaysian security has been equated with Malay security. For better or worse, Malaysia's national security is conceived and developed around the *bumiputra* ethnicity. Even for the non-Muslim and non-Malay *bumiputras*, the idea of *"bumiputraism"* has become an exploitative tool for legitimising the special privileges given to their Malay and Muslim counterparts. The result is widening gaps among the *bumiputras* themselves who now insist on receiving exclusive rights rather than equal opportunities. Indeed, the age-old question of "*bumiputraism* for whom" is not about to be dismissed, it remains as relevant today as ever.

Chapter 8
SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

8.1 INTRODUCTION

In the contemporary East Asian security context, free trade is a double-edged sword that simultaneously secures and threatens the primary security referents vis-à-vis interests of periphery and semi-periphery countries. Notwithstanding the notion that states are mainly fixated on issues concerning tariff and non-tariff barriers, the pursuit of free trade in the twenty-first century is a highly political and strategic affair. Both traditional and non-traditional security imperatives have fuelled the efforts toward statist and humanist forms of security-trade linkages. Free trade has been used as an instrument for promoting, enhancing, and securing various types of security referents and interests. In turn, the multidimensional and multidirectional security threats and issues have influenced the utility and implementation of different forms of free trade activities vis-à-vis agreements. However, to this point very little has been done to explore and explain these linkages based on the overarching assumption of cohabitative security – the view that security in the twenty-first century encompasses both statist and humanist dimensions. Furthermore, there is a dearth of comprehensive theoretical and empirical analyses concerning the linking efforts and strategies of periphery and semi-periphery states in East Asia. This thesis has attepted to address those gaps.

In this Chapter, I present and analyse the main lessons extracted from the empirical study of statist and humanist security-trade linkages across a wide-range of security contexts, referents, and threats. Here, I shed further light on how the study's main frameworks for understanding the East Asian security-trade nexus fare in view of this analysis. To do so, the chapter is divided into six sections. In Section 8.2, I summarise the key theoretical, conceptual, and methodological arguments presented in Chapter 1. I stress the importance of a thoughtful reconceptualisation of security, and the proper contextualisation of East Asian security-trade linking processes. In Section 8.3, I present an analytical summary of the empirical results and findings generated from case studies to answer the thesis' main research questions. In Section 8.4, I outline the general outcomes vis-à-vis the specific inferences from the case investigations along the lines of the study's main themes. In Section 8.5, I reflect on the key points and outlooks regarding the present problems and future prospects of East Asian linkages in the twenty-first century, particularly with respect to the periphery and semi-periphery countries. I then provide important recommendations based on limitations encountered

in the thesis that further an understanding of the security-trade nexus by both small and great powers in Asia and rest of the world. Finally, in Section 8.6, I conclude by offering some final words about the significance of the study, stressing how it can contribute to the existing body of knowledge in the research areas explored.

8.2 THEORIES, CONCEPTS, AND METHODS: A SYNOPSIS

8.2.1 Establishing the operative definition of security

To analytically investigate and assess why and how small East Asian states link their security interests and free trade agendas, and the types and characteristics of these linkages, I performed two main tasks. First, I theoretically reconfigured the security concept by amalgamating the statist and humanist dimensions of security to establish the cohabitative security framework that serves as the operative definition of security in this study. Second, I empirically applied the modified security framework to analyse linkages between cohabitative security referents (statist and humanist), and various types of free trade arrangement (multilateral, minilateral, and bilateral).

As argued in Chapters 1 and 2, the rationale behind the construction of the cohabitative security framework is to integrate the statist and humanist dimensions of security in order to accommodate both the traditional and non-traditional security issues and threats emanating within and beyond the states' boundaries. Thus, cohabitative security neither trivialises nor undermines the role and power of the state in the construction and ratification of security policies and strategies. Rather than constraining the statist security concept to underscore the humanist dimension of security, the cohabitative security framework amalgamates the "high politics" of the state and the "low politics" of individuals, groups, and communities. The intrinsic relations between the primary referents of and specific threats to state security vis-à-vis human security underscore the mutually constitutive and reinforcing characters of these two dimensions of cohabitative security.

The idea of cohabitative security highlights several important points about the nature of the security concept in the twenty-first century. First, the distinctions between traditional and non-traditional security issues are not insurmountable.[359] Second, defining security strictly in terms of organised violence leads to a false conclusion that issues that

[359] See for example, Alagappa (1998); Glasius and Kaldor (2006); Hoffstaedter (2012); Martin and Owen (2014).

do not entail or constitute force cannot be considered security problems.[360] Third, limiting the discussion of security to the nation-state creates a misleading notion that security cannot be analysed at various levels with respect to non-state referents.[361] Fourth, preventing the rethinking and restructuring of the security concept despite the evolving domestic and international conditions can also undermine its practical and analytical utility.[362] Fifth, the criticism that points to the fundamentally different expertise required for tackling nonconventional issues underlines the need for interdisciplinary and multidisciplinary approaches to security studies, rather than the need to delineate the boundaries of security on the basis of the analyst's expertise.[363]

While the cohabitative security framework does not provide a panacea for long-standing conceptual problems of security, it does present an alternative approach for re-evaluating the governments' relative successes and failures in integrating individuals and societies within their respective national security policies and strategies in the twenty-first century. By amalgamating statist and humanist security issues, the state's role in relation to human security is "unvilified". Cohabitative security reveals how traditional, state-centric security complements and/or supplements the non-traditional, people-centric security, and vice versa. Hence, the notion that state and human security are diametrically opposed is overcome, allowing state actors to appreciate the multidimensional and multidirectional features of security. To a certain extent, a shared understanding of security between the state and non-state actors is reached.

8.2.2 Making sense of the security-trade linking process

With the development of cohabitative security framework, the thesis has proceeded to systematically explore and analyse the linkages between security and free trade at regional and domestic levels. At the regional level (using APEC and ASEAN as case studies), the thesis has shown how the security concept is "homogenised" by prevailing external factors that are commonly shared by all member states. Here, the assumption is that both statist and humanist security referents confront similar sets of traditional and non-traditional threats. The countries have formulated and implemented closely linked

[360] See for example, Alagappa (1998); Gasper (2014); Krause (2014); Sen (2014).
[361] See for example, Christie (2014); Martin and Owen (2014); Tadjbakhsh (2014).
[362] See for example, Krause and Williams (1996); Alkire (2003); Saleh (2010); Martin and Kostovicova (2014).
[363] See for example, Alagappa (1998); Christie (2014); Krause (2014).

policies and strategies through these two regional institutions to counter these threats more effectively.

As argued in Chapters 1 and 2, the presence of shared perceptions and collective understandings about regional security issues has enabled the ratification and enactment of binding agreements within APEC and ASEAN. The idea of sovereignty has evolved to allow shared accountability and responsibility to exist among members by consenting to provide legitimate power to these regional institutions. Against the backdrop of intensifying politico-economic interdependence, governments are compelled to facilitate cooperative measures combating the security threats that weaken their interests and aspirations. Despite their differences, perceptions toward regional security vis-à-vis insecurity are rooted on existing collective awareness and shared goals between APEC and ASEAN members. As such, the pursuit of security at the regional level is not always zero-sum but can also be a positive-sum approach.

At the domestic level, (using Taiwan, Singapore, the Philippines, and Malaysia as case studies), the thesis has illustrated how the security concept could vary from one state to another depending on a broad range of pre-existing domestic conditions such as regime type and form of party system; level of economic development; social values and practices; as well as cultural biases and expressions among others. The assumption here is that the relative nature of the security concept is crucial to the identification of issues framed as "existential threats," and therefore, would be provided urgent attention by implementing "extraordinary measures". As argued in Chapters 1 and 2, different threats manifested in different spaces and at different scales demand different cures administered at different dosages. Hence, it is reasonable to expect some trade-offs between state and human security. Therefore, the thesis has performed an in-depth analysis of the domestic contexts and factors that have direct and/or indirect influences over the configurations of national security policies and strategies across the samples examined.

With these in mind, the thesis has attempted to extract alternative views for understanding the three key themes of the present research: (i) the motives and rationales of periphery and semi-periphery East Asian countries for continuously engaging in multilevel free trade despite the problems engendered by increasing economic interdependence in the twenty-first century; (ii) the prospects for alleviating state-centric and human-centric insecurities through the linking of broad-ranging security referents vis-à-vis, and different forms and types of free trade arrangements vis-à-vis agreements;

and (iii) the effects of internal and external security environment on the utility of free trade for enhancing, improving, and securing the primary security referents of small East Asian countries.

8.2.3 Designing a research template

Answering its main research questions, the thesis has outlined a comparative qualitative research design that allowed for: (i) contextual descriptions; (ii) classifications; (iii) hypothesis-testing; and (iv) predictions. First, through contextual description, I have identified the regional and domestic contexts underpinning the research phenomenon in question: the linking of security interests and free trade activities by periphery and semi-periphery East Asian countries in the twenty-first century. Second, through classification, I have established the conceptual differences between statist and humanist linkages by constructing distinct categories based on a set of identifiable characteristics. Third, after determining the regional and domestic contexts underpinning the security- trade linking activities in East Asia and classifying these linkages between statist and humanist forms, I have analysed the different facets of what have been described and classified. Fourth, and to a lesser extent, I have attempted to predict the general flows and outcomes of statist and humanist forms of linkages in the four countries that have been examined based on the findings and observations derived from the case analyses.

In support of the thesis' comparative cross-national study of small East Asian powers' security-trade linking efforts, I have performed multiple case studies supplemented by elite interviews and documentary analysis. I offered in-depth analyses of the four cases to arrive at more complete and holistic account of the outcome explained vis-à-vis the key explanatory factors examined. By applying a similar conceptual framework to all four cases, I analysed the motives and rationales behind the linking efforts of small East Asian states, as well as their dynamics and effects with respect to specific security referents. This enabled a deeper a more comprehensive understanding of the intricate patterns of connections between the parts of a multifaceted unit.

To supplement this approach, I also analytically presented the results from the one-on-one interviews with my key informants in each of the four countries. This dialogue enabled me to gather vital information about the decision-makers and those who influence them, as well as the decision-making process itself. I was able to highlight both the congruence and discrepancy between government rhetoric and action, and state

and non-state perceptions by shedding light on the critical issues surrounding East Asian security and trade. Lastly, I systematically reviewed and analysed the available primary, secondary, and tertiary sources to verify and substantiate the information gathered from the elite interviews.

Overall, the thesis has provided an explanatory type of research by explaining why and how security-trade linking efforts are progressing; interpreting the cause-and-effect relationship between these two main variables; and examining both the similarities and differences among the samples' responses and outcomes, but without numerical or statistical analysis. In contrast to analytic induction, I sought an explanatory strategy elucidating the processes at work in a small number of cases using in-depth intensive analysis and a narrative presentation of the argument as opposed to finding regularities in the relationship between proposed explanatory factors and results across cases.

8.3 FINDINGS FROM THE CASE STUDIES

The thesis begins with a two-pronged argument about the security-trade nexus in the twenty-first century, particularly with respect to the periphery and semi-periphery states in the Asia-Pacific. On the one hand, free trade is utilised by small East Asian countries to promote, enhance, and secure the primary referents and interests of their respective national security policies and strategies. On the other, security threats and issues (statist and humanist) influence the utility and facilitation of various types of free trade (multilateral, minilateral, and bilateral).

Therefore, the decision of states to either rush toward a freer trade or retreat to increased protectionism is based on their calculations of the capacity of free trade to improve their levels of state and human security. Indeed, for the majority of small East Asian countries, free trade has become an essential platform for pursuing various elements of their national security interests and aspirations. Thus, retreating to a state of autarky has become out of the question. The insecurities cropping up internally aggravated by a broad-range of external factors compel East Asian countries (especially the small ones) to engage more in free trade activities.

Chapters 3 to 7 have carefully scrutinised the distinctive dynamics and outcomes of East Asian security-trade linkages in the twenty-first century at regional and domestic levels. First, regional linking efforts under the purview of APEC and the ASEAN have been systematically analysed in Chapter 3. Second, national linking efforts based on the

experiences of Taiwan, Singapore, the Philippines, and Malaysia have been meticulously analysed in Chapters 4, 5, 6, and 7 respectively.

8.3.1 Linkage efforts in APEC and ASEAN

In Chapter 3, an overview of East Asian security-trade linkages has been presented by closely examining the evolving agendas of the two most important regional institutions in the Asia-Pacific: APEC and ASEAN. Five key factors have been analysed to trace the emergence of security-trade linking processes in each region and to clarify how each of them has contributed to the "cohabitation" of statist and humanist security issues with the organisations' free trade policy agendas. These are: (i) changing views toward free trade; (ii) lethargic multilateral trade forum; (iii) from rush to free trade to rush to preferential FTAs; (iv) the Asian crisis' contagion effect; and (v) the need for strategic diplomacy.

The analysis of regional security-trade linkages within APEC and ASEAN contexts has generated some important insights regarding the types of security issues that are assimilated into these organisations' respective trade policy agendas. While APEC's humanist linking strategy has prioritised its members' economic motives (non-traditional), the ASEAN's statist linking approach has emphasised its members' politico-strategic motives (traditional). Nevertheless, the changing geo-political, geo-economic, and geo-strategic settings are compelling both APEC and ASEAN members to develop further their respective agendas to maintain their relevance in the region. Such an expansion is difficult for institutions that exhibit "institutional sclerosis" as it prevents the implementation of necessary reforms in existing structures and practices. Often, the relatively more powerful members are threatened by the increasing influence of the rival countries. In response, they rely on the structural power that comes from their privileged status in these institutions, thereby reinforcing their role and position.

Consequently, the balancing of old and new agendas has been a challenging process for both APEC and ASEAN members because of their fixation toward certain norm-based procedures such as informality; inclusivity and consensus; and non-interference. They have often been criticised for their seeming lack of genuine efforts at incorporating substantive security issues into their respective agendas. Nevertheless, as discussed in Chapter 3, significant shifts in regional and global settings have significantly altered the institutions' views and attitudes toward highly diverse security concerns particularly with respect to the non-traditional human security. Despite their

shortcomings, the fact that both state-centric and people-centric security issues are now appended into their respective agendas highlights the progression of East Asian security-trade linkages in the twenty-first century.

The thesis turns next to the comprehensive analysis of statist security-trade linkages at the national level using Taiwan and Singapore as primary case studies. As argued in Chapter 1, Taiwan and Singapore both illustrate "statist" security-trade linkages given the nature of their primary security referents, contexts, origins, and directions of threat, whereas the Philippines and Malaysia both demonstrate "humanist" security-trade linkages.

8.3.2 Linkage efforts in Taiwan

In Chapter 4, Taiwan's use of free trade securing and enhancing its de facto sovereign space amid the presence of a cross-strait dilemma engendered by the One-China factor has been critically analysed. It argued that Taiwan's unique geopolitical status compels its leaders to resign themselves to the vicissitudes surrounding the cross-strait environment in order to preserve the remaining sovereign space that underpins its de facto autonomy. In other words, the only way for Taiwan to be de facto free is by remaining de jure unfree. However, this type of engagement approach engenders a prisoner's dilemma that forces Taiwan to choose between its geo-economic interests and geo-political aspirations. Recalibrating the current arrangement by promoting either political unification or de jure independence invariably diminishes Taiwan's sovereign space amid China's aggressive sinicisation project.

Pursuing either "warm" or "cold" economic engagement with China also inexorably results in shrinking sovereign space with the likelihood of overdependence. In both cases, the Chinese-centric cross-strait status quo is being further perpetuated and legitimised. Thus, although the reopening of Taiwan's cross-strait links with China (along with the successful implementation of its new bilateral FTAs with non-diplomatic partners) may have given Taipei officials a new hope, however, the fact that such agreements are rooted in the One-China principle implies the continued illegitimacy of Taiwan's sovereignty.

Despite the expansionary effects of a détente cross-strait approach with respect to the island's de facto sovereign space, it is hardly adequate for legitimising Taiwan's independent existence in the twenty-first century. In fact, as argued in Chapter 4, the deep entanglements between Taipei and Beijing's security interests, and free trade

activities, are coercing Taiwanese officials and policymakers to preserve the prevailing cross-strait status quo. In their desire to secure greater electoral votes during general elections, the major political parties in Taiwan are forced to "cooperate" with each other by agreeing to pro-status quo policies.

Consequently, both the pro-China and anti-China factions have restrained themselves from espousing policies that could potentially undermine the China-oriented conduct of cross-strait relations. This form of consensus has inevitably led to calls for the "normalisation" of cross-strait relations. In doing so, both the KMT and the DPP have consistently applied the norm of moderation with regard to their cross-strait agendas. Through the progressive homogenisation of the parties' respective policy postures toward the issue of sovereignty, Taiwan remains imprisoned within the One-China trajectory.

As Chapter 4 has clearly demonstrated, there is a huge compromise between Taiwan's competing goals of preserving politico-diplomatic viability, and pursuing economic interests. However, despite such trade-off, Taipei officials have decided that it would be better to rekindle their relations with Beijing rather than to let the cross-strait dilemma lead to an impasse. Unfortunately, for Taiwan, its efforts to secure sovereign space through heightened economic engagements (specifically via free trade) are being frustrated by the lack of political freedom, if not will, to cancel payoffs to China even when that latter's behaviours violate already established conditions.

By presenting cross-strait issues as domestic rather than international affairs, China is effectively reducing Taiwanese statehood into a special administrative region similar to Hong Kong and Macau. This further marginalises Taiwan's diplomatic status in the international scene, which ultimately leads to the erosion of remaining sovereign space. The practice observed when signing Taiwanese FTAs (between government institutions rather than between the heads of states) reinforces the notion that Taiwan is merely a local government unit of China. In the midst of Beijing's continuous denial of Taiwanese independence, the intensifying free trade is a medium for subjugating the island's remaining de facto sovereign space under the Chinese rule. Hence, Taiwan is trapped in what appears to be a perpetual prisoner's dilemma that is induced and preserved by the omnipresent China factor.

8.3.3 Linkage efforts in Singapore

In Chapter 5, Singapore's use of free trade securing and enhancing its defence space amid the presence of a security complex engendered by geographic factors has been comprehensively examined. It argued that for a small, pragmatic state like Singapore, free trade acts as an instrument for preserving its geo-economic and geo-political viability underpinning its survival in the twenty-first century. The city-state's foreign economic policies (particularly those concerning free trade) are intended to alleviate its multifaceted insecurities, which are being prompted by a pervasive vulnerability fetish. This security complex vis-à-vis vulnerability fetish is a by-product of Singapore's rude awakening to independence after its abrupt separation from the former Malaysian Federation. Not surprisingly, the government's pursuit of economic prosperity has been replete with security undertones. The Singaporean government has consistently underscored the importance of strong economic performance as the fundamental basis of national security. In doing so, security considerations have been embedded in Singapore's free trade activities and strategies.

Considering the city-states near zero tariff rates across the board, the economic benefits that Singapore can gain from the further liberalisation of trade are very limited. However, amid its anxiety over survival, the Singaporean government is continuously beefing up its economic interdependence with different counties, both big and small, to reduce its level of insecurity by linking security interests and free trade activities. Such an approach has undergone two directions: intra-regional and trans-regional. On the one hand, Singapore has courted the regional powers – China and Japan – in attempts to deflect the security threats occasionally emanating from its large Islamic neighbours, Malaysia and Indonesia. This is despite initial antagonism coming from some ASEAN members who were concerned about the adverse effects of bilateral FTAs on the fulfilment of the ASEAN Community.

On the other, Singapore has also been proactive facilitating bilateral trade relations with the great powers from outside its region. The primary motivation behind this has to do with China's continuous ascent to global power. Despite Beijing's assurances about the benign nature of the much-anticipated Chinese "hegemony," the Singaporean government remains sceptical about China's real intentions for the region. Thus, Singapore has belligerently negotiated for bilateral FTAs with trans regional powers, specifically with the United States. From Singapore's standpoint, a strong US military presence strengthens Washington's security commitments in the Asia-Pacific in

the midst of heightened regional tension that happens to coincide with China's global re-emergence.

As Chapter 5 has clearly demonstrated, the Singaporean government has effectively interlaced its national security interests with an overarching goal of bolstering the island nation's cohesion, world prestige and most importantly, regime legitimacy via economic success. To justify the restriction of public participation in policymaking processes, the PAP regime has endorsed itself as the most qualified political entity for securing Singapore's collective interests through the abolition of highly divisive factional conflicts. The PAP officials have long argued that the republic's volatile security environment more than warrants the non-observance of some democratic decision-making processes concerning national security. The Singaporeans' silent approval of and acquiescent attitude toward the PAP rule has been a crucial component the existing social compact between the government and the citizens.

Such condition highlights the unique status of the PAP regime within the Singaporean society. In contrast to its counterparts in some neighbouring countries, the PAP is not only the ruling political party but is also deemed as the lone steward of Singapore's national values and interests. Accordingly, PAP leaders face almost no opposition in the construction and implementation of its domestic and foreign policies, especially those that concern national security. The arrangement has not only hardened Singapore's prevailing political system, but has also blurred the line separating state interest and PAP interest.

8.3.4 Linkage efforts in the Philippines

In Chapter 7, the Philippines' use of free trade to secure and enhance its development space amid uneven economic development engendered by the oligarchic factor has been carefully examined. It argued that national security in the Philippines is largely anchored on the capability of the government to facilitate a more equitable form of economic development. However, over the decades the Philippine political economy has been characterised by deeply-entrenched oligarchical practices and patronage culture. Such a condition has resulted in institutionalised inequality and structural poverty that undermine the country's supposedly human-centric national security policies and strategies. The ability of the very few yet very powerful Filipino elites to transform the country into an oligarchipelago underscores the deeply embedded oligarchic system underpinning the Philippine development problematic.

While oligarchy and patrimonialism do not automatically create conditions that result in economic and political marginalisation of the majority, nonetheless, the Philippines' case has unambiguously illustrated the manner in which the elites exploit their inefficiencies to maintain a patronage-based political economy. The primacy of the oligarchy or family dynasties in the national government and the economy deeply reflects the Philippines' "soft" state and weak democracy. Under such conditions, political offices, elected politicians and economic policies have all been consolidated to serve the interests of a political system that is permanently regulated by and for the oligarchy.

The oligarchs' deliberate exploitation of ineffectual free trade policies and mechanisms has enabled them to maximise their economic wealth and political power despite their undesirable impact on poverty and inequality conditions in the country. The oligarchic elites can limit the distribution of national wealth by preventing the passage of social-equalising measures,. This highly corrupt patronage culture thwarts the government's people-centric national security model that emphasises a more equitable and inclusive economic development. Without any countervailing force to rectify the system, the oligarchy will certainly adopt policies that will ensure it perpetual and uncontested control over the Philippines' political economy. And although the differences in leadership styles and management methods may have substantial effects on political outcomes, particularly in countries where political institutions are weak, in the Philippines, state power has been transmogrified into a mere apparatus for securing oligarchic rather than national interests.

As Chapter 7 has clearly established, the five post-Marcos administrations that have come to govern the country have failed to deflect the overarching power of the oligarchs and the underlying patronage culture that they perpetuate. Aquino had mainly resurrected the old oligarchy and in the process restored the elite-driven institutions that had been previously squashed by her authoritarian predecessor. Ramos had to bow down to his patrons before he could negotiate and implement his watered-down economic reforms. Estrada had pillaged the country's wealth for redistribution among his kinfolk and friends. Arroyo had mastered the art of efficiently plundering government resources until she was ousted from office by yet another revolution. Finally, Aquino III has yet to prove his willingness to compromise his oligarchic roots and upbringing to bring about effective and lasting reforms. Hence, the Philippines' case offers a very good example of how state power can be transformed by the oligarchic elites into a powerful device that enables them to systematically secure their interests.

8.3.5 Linkage efforts in Malaysia

In Chapter 6, Malaysia's use of free trade to secure and enhance its diversity space amid the presence of one-sided domestic security dilemmas engendered by the *bumiputra* factor has been meticulously investigated. It argued that the moral objective of securing the Malays' economic wellbeing had been reduced to the narrow pursuit of political legitimacy and perpetual supremacy of the UMNO-led *Barisan Nasional.* Malaysia's national security policies and strategies are designed mainly to mitigate the *bumiputras* insecurities by promoting their ethnic interests above all other racial groups. Such an approach has ultimately resulted in a one-sided domestic security dilemma where improvements in the relative security of the non-*bumiputras* gratuitously lead to the relative insecurity of the *bumiputras.* This is despite the fact that Malaysia's national security is essentially rooted in the prevailing conditions surrounding its remaining diversity space amid a pluralist society. Accordingly, the UMNO-ruled *Barisan* has been completely amalgamated with the Malaysian nation-state.

Free trade, along with its complementary neoliberal economic policies, has played a very crucial role in the manifestation and perpetuation of this dilemma. The huge risks taken by the government when it started participating in various free trade activities have significantly transformed the country's domestic economy. The wealth created by its economic growth has stimulated the formulation of imbalanced affirmative policies particularly the NEP, NDP and the NEM, which have all been implemented under the pretext of ensuring ethnic equality among all Malaysians. Not surprisingly, these racially configured policies have received considerable amount of criticisms from various sectors of the Malaysian population particularly from the sides of the non-Malays and the "othered" *bumiputras.* Despite the economic, political and social inefficiencies that have been associated with these initiatives, the government has remained resolute in its belief that they are vital instruments for improving the quality and quantity of space available for the marginalised and powerless *bumiputras.* Thus, the Malay-dominated ruling party /regime has driven forward a *bumiputra*-oriented social vision via the construction and implementation of ethnic-based affirmative policies despite their detrimental effects on the other ethnic groups in the country.

As Chapter 6 has clearly demonstrated, the long-standing practice of dividing Malaysians into the *bumiputras* and the non-*bumiputras* has been at the crux of the country's deeply entrenched ethnic divisions. By disproportionately favouring and promoting the Malay ethnicity, *bumiputraism* has retarded the development of a genuinely

Malaysian nationalism. Behind these actions lay the UMNO vis-à-vis the *Barisan's* deep-seated political interests that must be protected at all costs. In doing so, a number of ideational and material security apparatuses have been utilised to further reinforce the *bumiputra*-centric status quo. On the one hand, ideological security constructs have assisted the *Barisan* to moderate a state-configured religion designed to eradicate its political opponents. While the government maintains that a state-manufactured Islam is a critical element of Malaysia's leadership role in the Muslim world, its suppression of divergent voices reflects a rather regressive nature. Material security apparatuses have also enabled the *Barisan* to secure its political interests by muting those ideas which are deemed reckless and by justifying its continued supremacy as imperative to the preservation of national security. The outcome is a Malay-dominated status quo that exploits Malaysia's political, economic and social arrangements at the expense of all non-Malay and non-Muslim Malaysians. Considering the *bumiputras*' pre-eminence in virtually all aspects of country's domestic affair, Malaysian security is considered equivalent to Malay security.

8.4 THEMES OF EAST ASIAN SECURITY-TRADE LINKAGES

8.4.1 High levels of internal and external insecurities

Looking at the cases that that have been analysed, it is evident that both traditional statist and non-traditional humanist security issues also play a pivotal role in the linkage efforts of small East Asian states in the twenty-first century. At the domestic level, the examination of Taiwan, Singapore, the Philippines, and Malaysia cases has underscored the critical role of internal and external insecurities in their respective linkage efforts.

In the case of Taiwan, the primary security referent investigated is the island's shrinking de facto sovereign space against the backdrop of a cross-strait security dilemma engendered by the One China factor. As mentioned in Chapter 4, sovereign space refers to Taiwan's de facto domestic and interdependence sovereignty, as opposed to de jure international legal sovereignty. This particular security referent represents the statist dimension of the cohabitative security model developed in Chapter 1. Thus, the origin of Taiwan's insecurity is external – that is, China.

In the case of Singapore, the primary security referent given focus is the city-state's shrinking defence space against the backdrop of a multidimensional security complex induced by geography. As mentioned in Chapter 5, defence space refers to

Singapore's capacity, both military (hard power) and non-military (soft power) to defend its geo-political and geo-economic viability. This particular security referent also represents the statist dimension of cohabitative security. Hence, similar to Taiwan, the origin of Singapore's insecurity is external – that is, the Asia-Pacific region. Considering Taiwan and Singapore's security referents, contexts, origins and directions of threat, their security-trade linking efforts are considered statist.

Meanwhile, in the case of the Philippines, the primary security referent probed is the archipelago's diminishing development space against the backdrop of uneven economic development generated and perpetuated by oligarchic factors. As mentioned in Chapter 6, development space refers to the capacity of the Philippines government to independently and effectively pursue its economic development goals and objectives amid a deeply-entrenched oligarchic system vis-à-vis patronage culture. This particular security referent also represents the humanist dimension of cohabitative security. Hence, the origin of the Philippines' insecurity is internal – that is, the Filipino oligarchy.

Finally, in the case of Malaysia, the primary security referent that has been scrutinised is the country's diminishing diversity space against the backdrop of a one-sided domestic security dilemma that is generated by the *bumiputra* factor. As mentioned in Chapter 7, diversity space refers to the capacity of all ethnic groups in Malaysia to participate freely in the country's political and economic affairs. This particular security referent represents the humanist dimension of cohabitative security. Thus, similar to the Philippines, the origin of Malaysia's insecurity is in internal – that is, the perpetually ruling *Barisan* regime vis-à-vis UMNO party. Considering the Philippines and Malaysia's security referents, contexts, origins and directions of threat, their security-trade linking efforts are considered humanist.

Nevertheless, as mentioned in Chapter 1, these contexts are neither permanent nor exclusive. On the contrary, they change and evolve over time. Accordingly, such classifications do not necessarily imply that Taiwan and Singapore are exclusively concerned with the statist dimension; whereas the Philippines and Malaysia are solely focused on the humanist component of cohabitative security. As emphasised in Chapter 2A, these two dimensions are mutually constitutive and reinforcing, and therefore critical to the overall security of the four countries. Given the prevailing security contexts within which they are operating, Singapore and Taiwan tend to focus more on the traditional elements of security, whereas the Philippines and Malaysia tend to place more emphasis on the non-traditional elements of human security. Thus, on the one hand, the linkage

efforts in Taiwan and Singapore are analysed with respect to state security, on the other, the linkage efforts in the Philippines and Malaysia are analysed with respect to human security.

At the regional level, a broad range of internal security issues poses critical threats to the governments of different states. For instance, security problems generated by the so-called "rogue" states and/or "failed" states (mass genocides; racial violence and ethnic cleansing; internal displacements and refugees; and vicious competitions for scarce resources) do not only affect their citizens but broader regional communities as well. When violent domestic conflicts create externalities that ramify across national borders, the division between internal and external politics becomes blurry. The presumptions concerning the nature of the domestic realm (as being guided by law, order and authority) vis-à-vis the state's supposedly unitary character erroneously ignore the domestic issues that have crucial implication on regional as well as global security environment. Using APEC and ASEAN as regional cases, the thesis has also explored the linkages efforts of Asian states as a collective entity.

Within the purview of the APEC, although both the statist and humanist security issues have brought a new dimension to its mission and vision statements, nonetheless, the organisation has remained largely committed to its original mandate of ensuring the smooth operations of economic activities in the Asia-Pacific. Thus, regardless of whether APEC would completely be amenable to these issue linkages (either to placate its nervous members or preserve its relevance in the region) the main thrust of the "APEC Way" remains to be economic integration within a secured regional trading environment.

Meanwhile, under the directives of ASEAN members have displayed limited interest linking security issues particularly the non-traditional ones into their free trade activities. Economic cooperation has always been secondary to the overarching goal of preserving political stability. However, in the post-Cold War era the organisation's view toward the incorporation of the human security concept into its agenda has gradually shifted. The fact that some of the prevailing non-traditional security issues are now being tackled highlights the progress that the "ASEAN Way" is currently making with respect to these linkages despite the relative weakness of compliance mechanisms.

Observing both the APEC and ASEAN cases, the pursuit of regional integration in the Asia-Pacific seems to confront a crucial paradox: upholding of the principles of non-interference and non-intervention while facilitating economic and political convergence. The tension created by such a contradiction limits the breadth and depth of

East Asian linkage efforts in the twenty-first century, particularly with respect to the non-traditional humanist dimension of cohabitative security.

8.4.2 Multidimensional and multidirectional security concepts, contexts, and threats

Examining the regional and domestic security rhetoric and agenda of East Asian states, it is clear how the multidimensional and multidirectional security concepts, contexts, and threats influence their linkage efforts. In the twenty-first century, the referents of security are multidimensional and multidirectional. As the study has clearly illustrated, primary security referents vary depending on the prevailing politico-economic and socio-cultural contexts, as well the level of analysis. Nevertheless, the state continues to play a pivotal role in the construction and implementation of the countries' national security policies and strategies. As the thesis has argued, the state simultaneously cohabits and competes with other referents particularly those that relate to the non-traditional, human-centric elements of security. As discussed in Chapter 2A, where the legitimacy and identity of the state are both problematic, humanist security referents may take priority over the statist security referents. Accordingly, the considerations for sovereignty, territorial integrity and other military-oriented issues are moderated while regional and trans regional interactions are modified. However, positing that the state will be superseded by non-state referents in the near future might be a bit of a stretch.

For all security referents – both statist and humanist – survival is the ultimate goal. As the thesis has demonstrated, the pursuit of survival does not always have to be ruthless and problematic. It is contingent upon several factors including the relative distribution of material capabilities; shared intersubjective understandings; and dominant social practices. As far as state actors are concerned, political survival (traditionally defined in militaristic terms) is a minimum requirement. However, in the twenty-first century political survival is defined in a variety of ways and comprises broader non-military objectives that are also critical to the wider realm where inter-state interactions take place. In other words, state survival is challenged both internally and externally by threats that are not only military in nature but also determined by non-traditional economic, political, social, cultural and environmental conditions.

These non-military issues are just as precarious as the traditional ones and in some cases are even worse than the latter. Hence, the thesis has presented an alternative definition of security in the form of cohabitative security. It incorporates "below the

state" actors and issues and amalgamates the supranational and subnational security problematic. Thus, the scope of security is broadened to encompass the non-traditional, humanist dimension of cohabitative security without eroding the theoretical value and empirical utility of the security concept.

As the case analyses have shown, the pursuit of security requires competition, cooperation, and community building all at the same time. Cooperative approaches to security are crucial for alleviating restrictive conditions generated by the security dilemma, thereby allowing the facilitation of diverse and multipronged security communities. Cooperative security is particularly relevant in the contexts of non-traditional and non-military issues that undermine the overall level of security at national, regional, and global levels. Nevertheless, the self-help approach is not made entirely obsolete by cooperative security given the continued relevance of state-centric interests and objectives in the twenty-first century. Combining one strategy with another is, therefore, necessary for enhancing, improving, and securing both the general referents of regional security, and the specific referents of national security. The broad range of potential security contexts vis-à-vis referents and threats in the twenty-first century implies that a cohabitative strategy will be nothing short of imperative.

8.4.3 Marginal geo-economic size and geopolitical position

Considering the cases that have been explored, it is evident how the relatively marginal geo-economic size and geopolitical position of small East Asian countries drive their surity-trade linking efforts. As illustrated by the case analyses (particularly Taiwan and Singapore), regardless of how the core powers frame the rhetoric of free trade – whether substantively (economic) or tactically (politico-strategic) – the periphery and semi-periphery powers are left with only one choice. That "choice" is to accommodate as much as they can the terms and conditions that apply to these free trade activities vis-a-vis proposals or risk being left behind. The reason for this behaviour is rather simple: they need the core powers more than the core powers need them. Hence, regardless of the real impetus for these linkages, small East Asian states that consider themselves as part of the "coalition of the willing" are compelled to embrace and adapt to these security-trade dynamics in order to improve, if not preserve, their marginal geo-economic size and geo-political position in both regional and international arrangements. For obvious reasons, this situation is even more challenging and problematic for small East

Asian countries with relatively under-developed and highly imbalanced economies such as the Philippines and Malaysia.

Given the lack of real choice, the periphery and semi-periphery countries in East Asia have learned to re-utilise free trade in the hope of protecting their national security interests and aspirations. For small East Asian states whose primary security referents are state-centric such as Taiwan and Singapore, the main rationale behind their linking efforts are defined by traditional security considerations and threats. Hence, their security-trade linkages are externally oriented, that is, with respect to statist security dimensions such as de facto sovereignty and defence space. Meanwhile, for small East Asian countries whose primary security referents are human-centric such as the Philippines and Malaysia, the principal rationale behind their linking efforts are defined by non-traditional security considerations and threats. Thus, their security-trade linkages are internally oriented, that is, with respect to humanist security dimensions such as development space and diversity space.

Under both scenarios, the requirement for survival compels the governments of small East Asian countries to emulate the policies, structures, and systems of the core powers. Similarly, the non-conforming states are expected to be socialised within these systems and will eventually behave in a similar fashion as the other conforming ones. In essence, the system prohibits functionally differentiated units. The differences with respect to functions are minimised, thereby causing states to exhibit common characteristics. As the thesis has clearly illustrated, an example of a characteristic that has become common among small East Asian countries is their tendency to link security interests and free trade objectives – either to secure the legitimate referents of national security or promote the favoured referents of the ruling government – despite their instrinsic differences.

8.5 FURTHER REFLECTIONS ON EAST ASIAN LINAKGES: VIEWS FROM THE MARGINS

Through the systematic analysis of the key factors that drive the security-trade linkages of small East Asian powers in the twenty-first century (prevailing security contexts; primary security referents; and main origin and direction of threats), the thesis has provided a deeper understanding of how free trade is being used by states to secure their primary security referents, on the one hand; and how competing security issues and threats influence the creation and utility of the states' free trade arrangements, on the other. This has enabled a deep evaluation of the motives and rationales behind the linkage efforts of

periphery and semi-periphery states, as well as a comprehensive assessment of the outcomes that they have achieved vis-à-vis their relative efficiency and effectiveness concerning these endeavours. In doing so, the study has systematically emphasized the respective roles of traditional elements of state security and the non-traditional components of human security, in exploring and explaining East Asian linkages in the twenty-first.

8.5.1 Reflections on the general outcomes

Based on the discussions and outcomes presented in the preceding chapters, several important points can be made about the small powers' attempts at linking security and trade in the twenty-first century. First, countries engage free trade activities vis-à-vis agreements to enhance, promote, and secure their statist and/or humanist security referents vis-à-vis interests. The rationales and motives behind this activity, however, vary significantly from one country to another. While the constructed rationales for these linkage efforts usually sound altruistic (to advance national security), nonetheless, the real motives behind them are often less than benevolent (to advance a regime, a party or a privileged group's vested interests).

Second, the steady proliferation of bilateral and minilateral FTAs amid all the difficulties impeding the Doha rounds at the WTO has provided the East Asian governments (not only the core regional powers but also the periphery and semi-periphery powers) strategic platforms and indispensable opportunities for pursuing a whole host of various national security interests and objectives – altruistically or otherwise.

Third, and lastly, East Asian countries (via their memberships in the two most important regional organisations in the Asia-Pacific) have made some noteworthy progress in broadening and widening APEC and ASEAN's respective agendas in order to accommodate non-traditional security issues that continue to gain momentum in the twenty-first century. Notwithstanding their glaring institutional limits as well as the obvious reluctance of some of their members because of certain normative principles, the human-centric dimensions of security are now slowly co-habited into their free trade agendas.

8.5.2 Reflections on the specific outcomes

In Taiwan, linkage efforts generate a double-edged effect against the backdrop of China's sinicisation vision. The limits of institutional mechanisms and procedures; nationalist objectives; export-led growth; and engagement strategies all contribute to undermining the sovereignty-upgrading utility of Taiwan's free trade activities by further reinforcing the underlying One-China factor. Diminishing political tensions across the Taiwan Strait create a paradoxical effect that further reduces the political-diplomatic options available for Taipei including its quest for de jure independence. In other words, greater cross-strait rapprochement ironically results in lesser Taiwanese autonomy. To use an analogy, China is frazzling the frog (Taiwan) with warm water. The island is gradually absorbed within China's sinicisation trajectory: from short-term economic to long-term political. This is achieved by institutionalising cross-strait relations without recognising the legitimacy of Taiwanese sovereignty.

In Singapore, linkage efforts also engender a double-edged effect, this time against the backdrop of a security complex vis-à-vis vulnerability fetish because of the island's geographic constraints. The limits of a PAP-centric security framework; elitist nation-building; deterrence strategy; and alliance and alignment strategy have all contributed to the undermining of the defence-upgrading utility of Singaporean free trade activities by aggravating the underlying security complex factor. The government's strong emphasis on robust economic performance reflects its paranoia over the possible obliteration of an export-oriented, entrepôt-operating economy that underpins its geo-political and geo-economic viability. Countering the threats to its geo-political and geo-economic viability, the Singaporean government has embedded its security requirements into free trade agendas. The idea was to improve and maintain regional peace and stability by significantly reducing the likelihood of conflicts via free trade. Behind the city-state's every move and every decision are the very visible hands of the PAP regime persuasively arguing that only a dominant-party system can guarantee Singapore's survival in the twenty-first century.

In the Philippines, amid the disproportionate economic development engendered by the oligarchic factor, the outcome of its linkage efforts has also been two-edged. The limits of patrimonial democratisation and administrations; one-size-fits-all economic policies; and bureaucracy have all contributed to the undermining of the development-upgrading utility of Philippine free trade activities by reinforcing further the underlying oligarchic factor. Despite the twin problems of structural poverty and institutionalised inequality, the Philippines' government has largely maintained its elite-driven political

economy amid the pervasiveness of the underlying oligarchic vis-à-vis patronage system. Consequently, the majority of the Filipinos have suffered from political and economic marginalisation, as national wealth remains concentrated in the hands of the oligarchy while the overall economy is left undeveloped. Indeed, the country's entrenched history of oligarchy and patrimonialism has become a burden to the growth of a well-functioning democracy. Elite-centric structures have resulted in a shallow democracy where the humanist security interests of neither the masses nor the nation as a whole are contemplated.

Finally, in Malaysia, amid the one-sided domestic security dilemma engendered by the *bumiputra* factor, the result of its linkage effort has been two-edged. The limits of *Barisan's* ideological security constructs; material security constructs; as well the economic and political constrains of *bumiputra* affirmation, have all contributed to the undermining of the diversity-upgrading utility of Malaysian free trade activities by reinforcing further the underlying *bumiputra* factor. For better or worse, Malaysia's national security is conceived and developed around *bumiputra* ethnicity. Because of the privileged status of *bumiputras*, the wider goal of achieving pluralistic security for all Malaysians has been gradually reduced to the narrower pursuit of homogenous security for the Malays. Even for the non-Muslim and non-Malay *bumiputras*, the whole idea of *bumiputraism* has become an exploitative tool for legitimising the special privileges granted to their Malay and Muslim counterparts. Here, free trade has been pivotal to the creation and preservation of Malaysia's one-sided domestic security dilemma by fuelling the government's affirmative policies that have further strengthened the *bumiputras'* relative position, often at the expense of everyone else. The result is the widening not only of inter-ethnic but also intra-ethnic cleavages as all Malaysians now insist on receiving exclusive rights rather than equal opportunities. Consequently, the de-ethnicisation of Malaysian nation-building remains to be a problem today given that the *bumiputra* factor has always served as the primary impetus for policymaking processes in the country. Hence, the question of "*bumiputraism for whom"* continues to be as relevant today as ever.

8.5.3 RECOMMENDATIONS

On the research design and methodology

The present study has employed a qualitative research design exploring and explaining the linkage efforts of small East Asian powers in the twenty-first century. In particular,

the thesis has systematically analysed these linkages using a comparative cross-national methodology based on the most different systems design (MDSD). Given the limits associated with this particular research design/method, the study can benefit further from adopting an alternative approach to an investigation of the East Asian security-trade nexus.

In contrast to the case-oriented qualitative approach, a variable-oriented quantitative approach might also be applied when analytically assessing the relations between various security referents and free trade arrangements. Such an approach requires that the homogeneity of units of analysis are made known at the onset given that theoretical and conceptual frameworks have already been predetermined and operationalised according to their specialised functions. Arend Lijphart (1971: 685) posits that statistical analysis becomes necessary whenever there are sufficient cases available for investigation as "it is logically possible and may be advantageous to shift from comparative to statistical method." While the number of cases varies depending on the number of variables being tested, nonetheless, the general understanding in variable-oriented research, is that the greater the number, the greater the possibility that regression coefficients are statistically significant.

Rather than arranging the cases based on the most different or most similar systems designs, a different approach to case selection is followed. However, the countries identified as units of analysis must meet the following criteria: (i) apposition to the type of theoretical problem posed by the research; (ii) germane to the phenomenon under investigation; (iii) empirically invariant based on their respective classificatory standards; (iv) representative of the scale of data available; and (v) classified based on systematised and repeatable procedures (Smelser, 1976; della Porta, 2008).

The application of statistical techniques in the comparative quantitative approach is anchored in the investigation of "concomitant variations" via estimation of effects of exogenous variables on the endogenous variables or how dependent factors co-varies with each independent factors (Durkheim, 1982: 153). As Charles Ragin (1987:54) posits, in a variable-oriented approach "generality is given precedence over complexity and so the wider the population, the better." There two underlying assumptions here: first, the existence of a considerable degree of homogeneity with respect to units of analysis; and second, the concept of time operating for the purpose of augmenting the number of cases by creating subunits either through periodisation or setting them as points of observation within longitudinal studies (della Porta, 2008).

Unlike the study's comparative qualitative approach, a quantitative method may enable the construction of law-like propositions about security-trade linkages in the Asia-Pacific by determining the causal relationships between specific phenomena and their probable causes and related effects. In other words, the formulation of generalisations may be possible even if the explanations arrived at do not always hold true for each case. Here, explanation is mainly focused on assessing the influence of different variables on a certain observable fact. The study could then provide a better understanding of the extensiveness of the conditions under which causal effects are observed; the robustness of the nature of causal effects; and the degree of significance of relationships between the effects (Lijphart, 1971: della Porta, 2008).

Accordingly, the establishment of causations based on interplays between identified variables using a set of aggregated cases is a pivotal task in the quantitative analysis of East Asian security-trade linkages. However, one central issue that has to be carefully considered when undertaking a quantitative analysis of ast Asian security-trade linkages is the choice and/or construction of indices that will be used for measuring both the dependent and independent variables.

On the primary case studies

Given the limitations of the present study, only four of the many small periphery and semi-periphery countries in East Asia have been used as primary case studies. Future research, therefore, can look into these other countries in order to broaden and deepen the exploration of East Asian security-trade linkages by examining a new set of security contexts and referents, and different sources and directions of threat. For instance, a comprehensive analysis of the security-trade nexus in other neighbouring states Indonesia, Thailand, Vietnam, Myanmar, Cambodia, Lao PDR, and Brunei, might provide insights that can substantiate the key findings generated by this study.

Alternatively, future studies may also consider other primary referents in the respective security rhetoric and agendas of Taiwan, Singapore, the Philippines, and Malaysia aside from the ones that have been investigated in the present research. For instance, rather than examining the impact of Taiwan's state-centric linkages with respect to its de facto sovereign space, other researchers can instead look into their effects on the island's socio-cultural space to encompass a humanist dimension. Meanwhile, in the case of the Philippines, rather than assessing its human-centric linkages with respect to the

development space, other scholars might also be interested to study the islands' influence on the archipelago's geopolitical space to incorporate a statist dimension.

Similarly, the specific contexts in which the security-trade linkages of small East Asian states are probed can also be shifted to gain different understanding of their linkage efforts and outcomes. For example, Singapore's statist linkages might be examined within the context of rising Chinese power in the light of declining American and/or Japanese power. While Malaysia's humanist linkages can also be scrutinised in the context of waning Barisan Nasional influence vis-à-vis the growing "global backlash" on Islam.

Lastly, to further supplement or validate the results from the elite interviews presented in the study, future research can also survey the members of grassroots civil societies. By focusing on this specific segment, the extent of discrepancies between the perceptions of the elites and non-elites on security and trade issues can be explored and taken into account.

8.6 Trading Security: final words

Ten years after the death of a world-renowned astronomer named Carl Sagan, a book called *The Varieties of Scientific Experience: A Personal View of the Search for God* was published based on his series of lectures. In this book, Sagan was quoted: "Extinction is the rule. Survival is the exception." The small East Asian powers have searched for ways of circumventing the rule of extinction in the twenty-first century security environment to ensure their continued survival. At the heart of this quest for survival lies the relative level of security underpinning the states' national interests and objectives. Moreover, in their pursuit of a higher level of security, the states have learned to re-imagine and re-invent the use of free trade. Accordingly, although free trade has traditionally been viewed as a subject of "low politics," nonetheless, the changing views toward security transformed it into a "high politics" affair.

Based on findings generated from the study's case analyses, depending on the nature and origin of security threats vis-à-vis contexts observed, free trade may perform a multifaceted function. In Taiwan, free trade is a sovereignty-upgrading mechanism; in Singapore, a defence-upgrading tool; in the Philippines, a development-upgrading instrument; and finally, in Malaysia, a diversity-upgrading apparatus. Thus, free trade has become an integral component of East Asian security. Put differently, free trade has become the "holy grail" of national security, particularly with respect to periphery and

semi-periphery countries in East Asia attempting to enhance, promote, and secure their primary security referents vis-à-vis interests.

However, given that free trade works like a double-edged sword, states attempting to co-habit their security interests and free trade agendas are essentially "trading security." For every additional security that a linkage provides a specific referent, a corresponding insecurity is reflected in other referents. This is clearly illustrated in the four cases examined in the study. With respect to statist linkages, Taiwan's linkage efforts might lead to the island's complete assimilation with China; while Singapore's linkage attempts can result in the city-state's failure to strategically balance American and Chinese interests in the region. With respect to humanist linkages, the Philippines' linkage attempts have preserved the uneven economic development and further reinforced the oligarchic system and patronage culture, while Malaysia's linkage efforts have perpetuated the racial inequalities and further legitimised the UMNO-led Barisan.

Overall, the thesis has been able to provide a clear and a more nuanced picture of twenty-first century East Asian security-trade linkages based on the perspectives of periphery and semi-periphery states. Through systematic analyses and in-depth investigations, the thesis has covered a number of important issues: (i) how small powers utilize free trade as a means of advancing their statist and humanist security interests and objectives; (ii) how security issues and threats (traditional and non-traditional) determine the utiltity, implmentaiton, and outcome of their free trade activities; and (iii) how the linkages between security and free trade affect their chances for survival or extinction in the twenty-first century.

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APPENDICES

Appendix 1. Asia-Pacific FTAs by Group

Grouping	Number of FTAs
ASEAN+6	1
Asia-Pacific Trade Agreement	1
Association of Southeast Asian Nations	10
Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation	1
Central America	1
Common Economic Space	1
Commonwealth of Independent States Free Trade Area	1
Customs Union of Russia, Belarus, and Kazakhstan	4
D-8	1
East Asia Free Trade Area	1
Economic Cooperation Organization Trade Agreement	1
Eurasian Economic Community Custom Union	1
Eurasian Economic Union	1
European Free Trade Association	10
European Union	14
Georgia, Ukraine, Azerbaijan, Moldova Free Trade Agreement	1
Gulf Cooperation Council	9
Melanesian Spearhead Group	1
Mercado Comun del Sur	4
OIC	1
Pacific ACP countries	1
Pacific Agreement on Closer Economic Relations (PACER) Plus	1
Pacific Island Countries Trade Agreement	1
Shanghai Cooperation Organization	1
South Asian Association for Regional Cooperation	1
South Pacific Regional Trade and Economic Cooperation Agreement	1
Southern African Customs Union	3
Trans-Pacific Strategic Economic Partnership ("Expanded P4 FTA")	1
Trans-Pacific Strategic Economic Partnership Agreement	1

Source: Asian Regional Integration Center
Asian Development Bank

Appendix 2. Taiwan's FTAs

FTA	Status	Year
Philippines-Taipei, China Economic Cooperation Agreement	Proposed/Under consultation and study	2012
Taipei, China-India FTA	Proposed/Under consultation and study	2014
Taipei, China-Indonesia FTA	Proposed/Under consultation and study	2011
United States-Taipei, China Free Trade Agreement	Proposed/Under consultation and study	2002
Taipei, China and Paraguay Free Trade Agreement	(FA) signed	2004
Taipei, China and Dominican Republic Free Trade Agreement	Negotiations launched	2006
New Zealand-Taipei, China Economic Cooperation Agreement	Signed and In Effect	2013
People's Republic of China-Taipei, China Economic Cooperation Framework Agreement	Signed and In Effect	2011
Singapore-Taipei, China FTA	Signed and In Effect	2014
Taipei, China and Guatemala Free Trade Agreement	Signed and In Effect	2006
Taipei, China and Nicaragua Free Trade Agreement	Signed and In Effect	2008
Taipei, China and Panama Free Trade Agreement	Signed and In Effect	2004
Taipei, China-El Salvador-Honduras Free Trade Agreement	Signed and In Effect	2008

Source: Asian Regional Integration Center
Asian Development Bank

Appendix 3. Singapore's FTAs

FTA	Status	Year
ASEAN-Hong Kong, China Free Trade Agreement	Proposed/Under consultation and study	2014
ASEAN-Pakistan Free Trade Agreement	Proposed/Under consultation and study	2009
Comprehensive Economic Partnership Agreement between Singapore and Sri Lanka	Proposed/Under consultation and study	2003
Comprehensive Economic Partnership for East Asia (CEPEA/ASEAN+6)	Proposed/Under consultation and study	2005
East Asia Free Trade Area (ASEAN+3)	Proposed/Under consultation and study	2004
Singapore-Turkey FTA	Proposed/Under consultation and study	2014
Singapore-United Arab Emirates Free Trade Agreement (now GCC-Singapore Free Trade Agreement)	Proposed/Under consultation and study	2005
Trans-Pacific Partnership (TPP)	(FA) signed	2010
ASEAN-EU Free Trade Agreement	Negotiations launched	2007
Canada-Singapore Free Trade Agreement	Negotiations launched	2001
Pakistan-Singapore Free Trade Agreement	Negotiations launched	2005
Regional Comprehensive Economic Partnership	Negotiations launched	2013
Singapore-Egypt Comprehensive Economic Cooperation Agreement	Negotiations launched	2006
Singapore-Kuwait Free Trade Agreement (now GCC-Singapore Free Trade Agreement)	Negotiations launched	2005
Singapore-Mexico Free Trade Agreement	Negotiations launched	2000
Singapore-Qatar Free Trade Agreement (now GCC-Singapore Free Trade Agreement)	Negotiations launched	2004
Singapore-Ukraine Free Trade Agreement	Negotiations launched	2007
Singapore-Bahrain Free Trade Agreement (now GCC-Singapore Free Trade Agreement)	Signed but not yet In Effect	2008
Singapore-EU Free Trade Agreement	Signed but not yet In Effect	2013
ASEAN Free Trade Area	Signed and In Effect	1993
ASEAN-Australia and New Zealand Free Trade Agreement	Signed and In Effect	2010
ASEAN-India Comprehensive Economic Cooperation Agreement	Signed and In Effect	2010
ASEAN-Japan Comprehensive Economic Partnership	Signed and In Effect	2008
ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement	Signed and In Effect	2005
ASEAN-[Republic of] Korea Comprehensive Economic Cooperation Agreement	Signed and In Effect	2007

European Free Trade Association-Singapore Free Trade Agreement	Signed and In Effect	2003
Gulf Cooperation Council-Singapore Free Trade Agreement	Signed and In Effect	2013
India-Singapore Comprehensive Economic Cooperation Agreement	Signed and In Effect	2005
Japan-Singapore Economic Agreement for a New-Age Partnership	Signed and In Effect	2002
New Zealand-Singapore Closer Economic Partnership	Signed and In Effect	2001
People's Republic of China-Singapore Free Trade Agreement	Signed and In Effect	2009
Singapore-Australia Free Trade Agreement	Signed and In Effect	2003
Singapore-Costa Rica Free Trade Agreement	Signed and In Effect	2013
Singapore-Jordan Free Trade Agreement	Signed and In Effect	2005
Singapore-Panama Free Trade Agreement	Signed and In Effect	2006
Singapore-Peru Free Trade Agreement	Signed and In Effect	2009
Singapore-Taipei,China FTA	Signed and In Effect	2014
Trans-Pacific Strategic Economic Partnership Agreement	Signed and In Effect	2006
United States-Singapore Free Trade Agreement	Signed and In Effect	2004
[Republic of] Korea-Singapore Free Trade Agreement	Signed and In Effect	2006

Source: Asian Regional Integration Center
Asian Development Bank

Appendix 4. The Philippines' FTAs

FTAs	Status	Year
ASEAN-Hong Kong, China Free Trade Agreement	Proposed/Under consultation and study	1993
ASEAN-Pakistan Free Trade Agreement	Proposed/Under consultation and study	2009
Comprehensive Economic Partnership for East Asia (CEPEA/ASEAN+6)	Proposed/Under consultation and study	2005
East Asia Free Trade Area (ASEAN+3)	Proposed/Under consultation and study	2004
Pakistan-Philippines Free Trade Agreement	Proposed/Under consultation and study	2004
Philippines-Australia FTA	Proposed/Under consultation and study	2014
Philippines-EU Free Trade Agreement	Proposed/Under consultation and study	2014
Philippines-European Free Trade Association Free Trade Agreement	Proposed/Under consultation and study	1993
Philippines-Taipei, China Economic Cooperation Agreement	Proposed/Under consultation and study	2012
United States-Philippines Free Trade Agreement	Proposed/Under consultation and study	1989
ASEAN-EU Free Trade Agreement	Negotiations launched	2007
Regional Comprehensive Economic Partnership	Negotiations launched	2013
ASEAN Free Trade Area	Signed and In Effect	1993
ASEAN-Australia and New Zealand Free Trade Agreement	Signed and In Effect	2010
ASEAN-India Comprehensive Economic Cooperation Agreement	Signed and In Effect	2010
ASEAN-Japan Comprehensive Economic Partnership	Signed and In Effect	2008
ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement	Signed and In Effect	2005
ASEAN-[Republic of] Korea Comprehensive Economic Cooperation Agreement	Signed and In Effect	2007
Japan-Philippines Economic Partnership Agreement	Signed and In Effect	2008

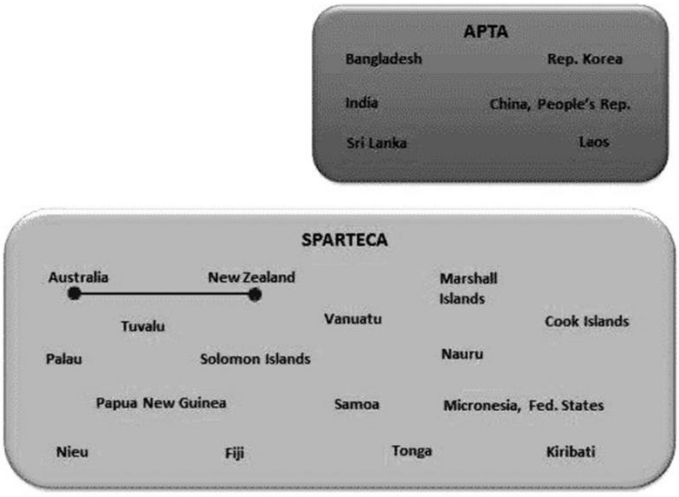
Source: Asian Regional Integration Center
Asian Development Bank

Appendix 5. Malaysia's FTAs

FTA	Status	Year
ASEAN-Hong Kong, China Free Trade Agreement	Proposed/Under consultation and study	1993
ASEAN-Pakistan Free Trade Agreement	Proposed/Under consultation and study	2009
Comprehensive Economic Partnership for East Asia (CEPEA/ASEAN+6)	Proposed/Under consultation and study	2005
East Asia Free Trade Area (ASEAN+3)	Proposed/Under consultation and study	2004
Malaysia-Gulf Cooperation Council Free Trade Agreement	Proposed/Under consultation and study	2011
Malaysia-Syria Free Trade Agreement	Proposed/Under consultation and study	20
Malaysia-[Republic of] Korea Free Trade Agreement	Proposed/Under consultation and study	2011
Trans-Pacific Partnership (TPP)	(FA) signed	2010
ASEAN-EU Free Trade Agreement	Negotiations launched	2007
Malaysia-EU Free Trade Agreement	Negotiations launched	2010
Malaysia-European Free Trade Association Free Trade Agreement	Negotiations launched	2012
Regional Comprehensive Economic Partnership	Negotiations launched	2013
United States-Malaysia Free Trade Agreement	Negotiations launched	2006
Malaysia-Turkey Free Trade Agreement	Signed but not yet In Effect	2014
Preferential Tariff Arrangement-Group of Eight Developing Countries	Signed but not yet In Effect	2006
ASEAN Free Trade Area	Signed and In Effect	1993
ASEAN-Australia and New Zealand Free Trade Agreement	Signed and In Effect	2010
ASEAN-India Comprehensive Economic Cooperation Agreement	Signed and In Effect	2010
ASEAN-Japan Comprehensive Economic Partnership	Signed and In Effect	2008
ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement	Signed and In Effect	2005
ASEAN-[Republic of] Korea Comprehensive Economic Cooperation Agreement	Signed and In Effect	2007
Japan-Malaysia Economic Partnership Agreement	Signed and In Effect	2006
Malaysia-Australia Free Trade Agreement	Signed and In Effect	2013
Malaysia-Chile Free Trade Agreement	Signed and In Effect	2012
Malaysia-India Comprehensive Economic Cooperation Agreement	Signed and In Effect	2011
Malaysia-New Zealand Free Trade Agreement	Signed and In Effect	2010
Malaysia-Pakistan Closer Economic Partnership Agreement	Signed and In Effect	2008

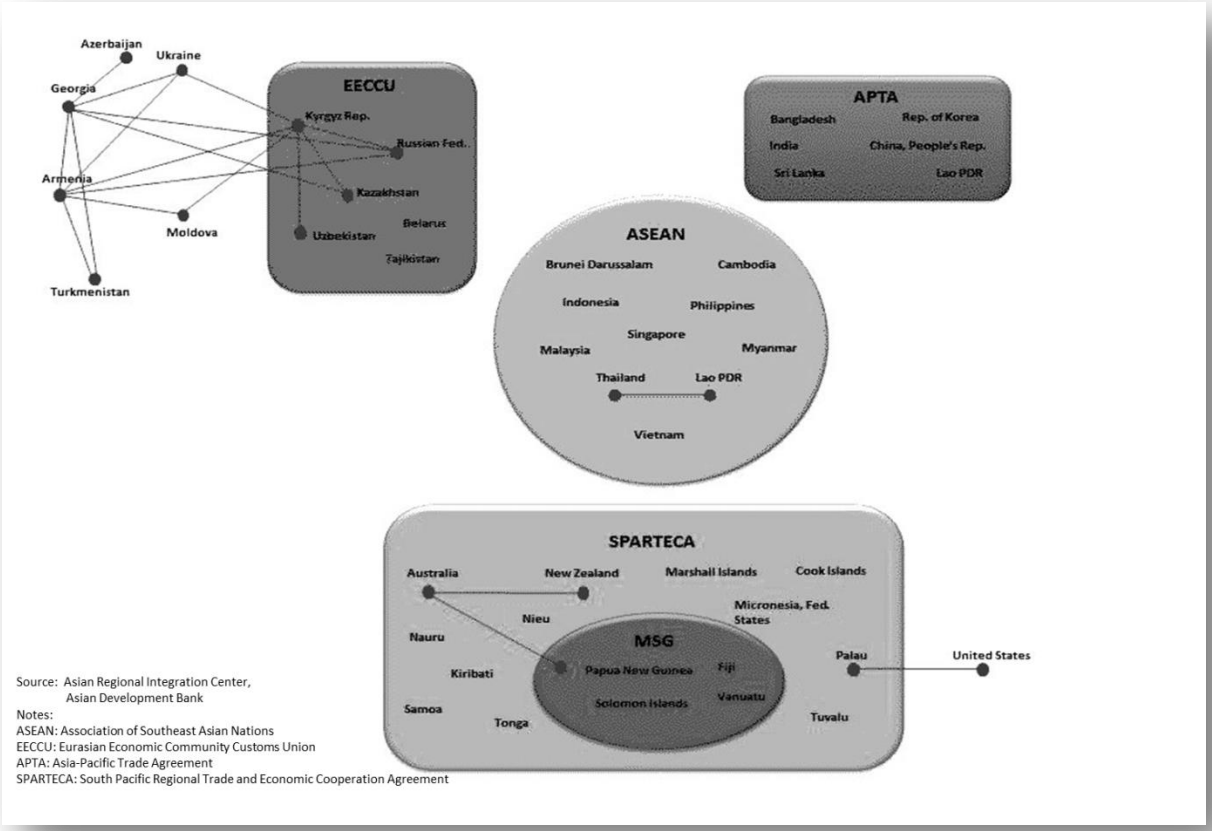
Source: Asian Regional Integration Center
Asian Development Bank

Apendix 6. Asian FTAs 1990



Source: Asian Regional Integration Center,
Asian Development Bank
Notes:
APTA: Asia-Pacific Trade Agreement
SPARTECA: South Pacific Regional Trade and Economic Cooperation Agreement

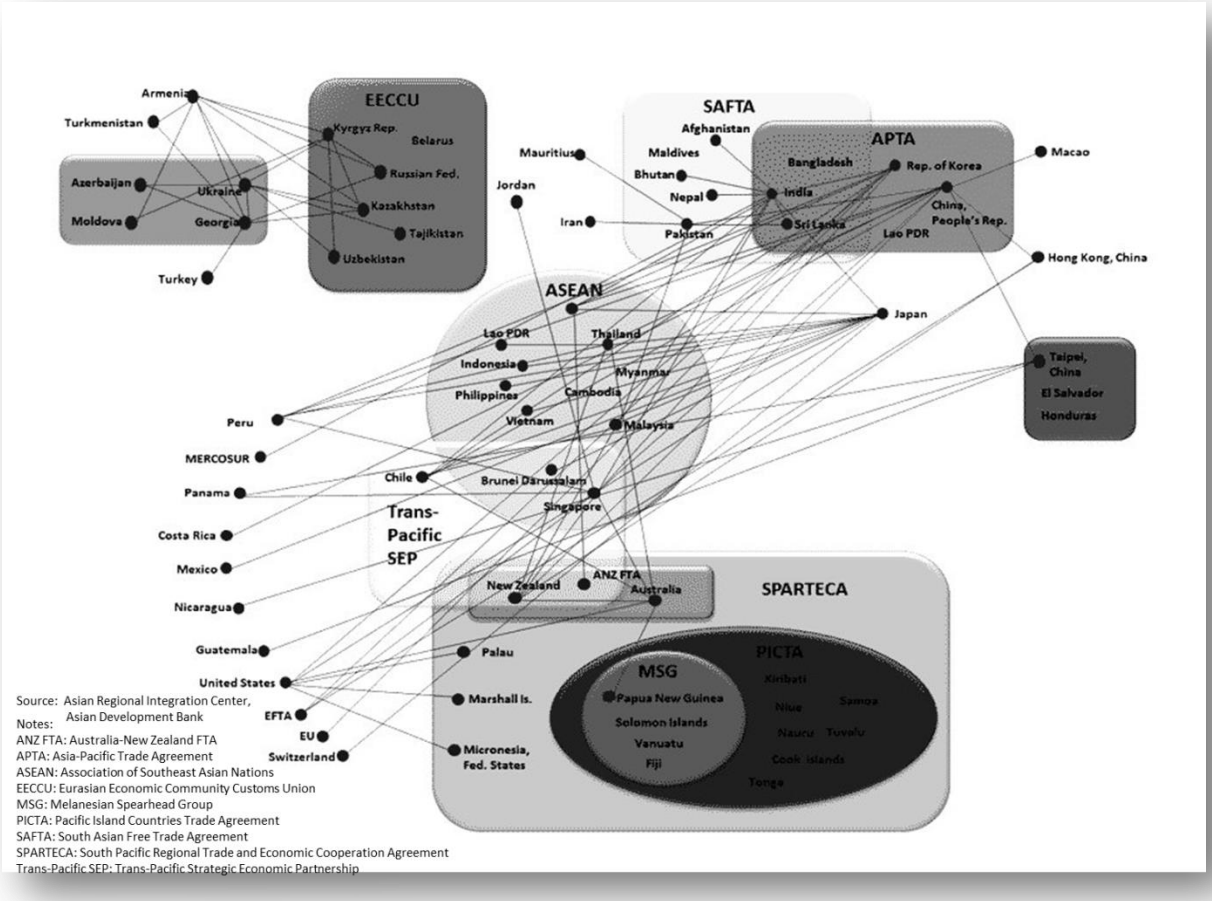
Appendix 7. Asian FTAs 2000s



Source: Asian Regional Integration Center, Asian Development Bank

Notes:
ASEAN: Association of Southeast Asian Nations
EECCU: Eurasian Economic Community Customs Union
APTA: Asia-Pacific Trade Agreement
SPARTECA: South Pacific Regional Trade and Economic Cooperation Agreement

Appendix 8. Asian FTAs 2010s



Source: Asian Regional Integration Center, Asian Development Bank

Notes:
ANZ FTA: Australia-New Zealand FTA
APTA: Asia-Pacific Trade Agreement
ASEAN: Association of Southeast Asian Nations
EECCU: Eurasian Economic Community Customs Union
MSG: Melanesian Spearhead Group
PICTA: Pacific Island Countries Trade Agreement
SAFTA: South Asian Free Trade Agreement
SPARTECA: South Pacific Regional Trade and Economic Cooperation Agreement
Trans-Pacific SEP: Trans-Pacific Strategic Economic Partnership

Appendix 9. Invitation Letter

College of Arts

School of Social and Political Sciences
Tel: +64 3 364 2899, Fax: + 64 364 2414
Web site: http://www.saps.canterbury.ac.nz/

UC UNIVERSITY OF CANTERBURY
Te Whare Wānanga o Waitaha
CHRISTCHURCH NEW ZEALAND

18 September 2012

Dear _____:

As part of my doctoral research in Political Science at the University of Canterbury in New Zealand, I am undertaking a study which explores the possibility of reconceptualising the exceedingly narrow national security and excessively encompassing human security to construct a *'cohabitative national-human security*' framework. The study emerges in the context of 'new eclecticism' in Comparative Politics that acknowledges and highlights the plurality of subjects, methodologies, and theoretical paradigms currently dominating the field. It is, therefore, an attempt to incorporate Security Studies within the Comparative Politics realm. The said research is being funded by the New Zealand ASEAN Scholars Awards (NZASA) as part of my scholarships.

This comparative cross-national study offers an in depth analysis of the experiences of three neighbouring trading states in Southeast Asia, namely, the Philippines, Malaysia and Singapore, in their quest for good governance and human development against the backdrop of trade liberalization. It argues for the need to develop a coherently eclectic security paradigm that integrates both state-centred and people-centred security frameworks in effectively engaging with traditional and non-traditional security threats originating outside and within territorial jurisdictions of sovereign states. The study employs a combination research design using qualitative and quantitative methods to provide a more comprehensive and holistic understanding of the topic presently being explored. It embarks on explanatory and statistical analyses to establish and develop the theoretical rationale behind the construction of the proposed framework and test its empirical applicability.

Given your expertise in this field, I am humbly inviting you to participate in my research. As a respondent you will be interviewed for not more than an hour. If there are matters that arise from my other data gathering activities where your views will be significant, I may contact you to organize a follow-up interview which will not exceed half an hour in length. The interview will revolve around your professional and personal opinions regarding national and human security, on the one hand, and ASEAN trade liberalization, on the other.

The interview will be recorded using a digital voice recorder. If you are not comfortable with this method, please advise the researcher and notes will be taken instead. The results of this research may be used by scholars and policymakers in revising and improving the theoretical underpinnings and empirical configuration of human security. This research will be available as an unpublished thesis at the University of Canterbury and there is also a possibility that the research will be published in scientific or academic journals. All participants will receive a report on the study.

If you are willing to be interviewed, may I ask that you sign and return the attached consent form that indicates your willingness to participate in the study by giving it directly to

the researcher, or by either using the enclosed self-addressed stamped envelope or e-mailing a copy to the researcher not later than a week after you received this letter. As a public official and expert in the research area being studied, your answers to the interview questions may be cited to support some of the arguments being raised by the author. Thus, with your approval and consent to be cited as first-hand reference your name may appear in the final output. A soft copy of the final draft of the research will be made available to you at least two month prior to its submission to the Department and Review Committee to give you enough time to review the parts in which you have been quoted. You also retain the right to direct the author to revise or amend certain parts of the quoted lines and/or paragraphs based on your own suggestions and recommendations. You will be given one month upon your receipt of the final draft to send in your comments to the electronic mail address provided by the researcher. Withdrawal of any information which you may provide will not result in any negative consequences.

During the research, data will be kept in the researcher's safe filing cabinet and personal computer with an anti-hacking device. All data obtained from this study will be stored in a secure facility at the University of Canterbury, College of Arts, Department of Political Science, for a maximum period of ten years after the research has been completed. The data will then be destroyed using the University's secure destruction service. Your participation in this study is voluntary. You may also withdraw your participation and the information you have provided for the study by contacting me prior to 15th November 2012 by phone, mail, or electronic mail. I will do my best to remove any information relating to you, provided this is practically achievable.

Contact details: Address: Department of Political Science
College of Arts
University of Canterbury
Private Bag 4800
Christchurch 8140
New Zealand
E-mail: michael.magcamit@pg.canterbury.ac.nz
Mobile: (64) 21 039 5207

This proposal has been reviewed and approved by the University of Canterbury Human Ethics Committee low risk process. If you have any questions or concerns regarding this study please contact the Researcher or the Supervisor.

I hope that you will be able to participate. It will be an honour for me to work with you in this research.

Thank you very much.

Respectfully,

MICHAEL INTAL MAGCAMIT
Candidate, PhD in Political Science
E-mail: michael.magcamit@pg.canterbury.ac.nz
Mobile Number: (64) 21 039 5207

PROFESSOR ALEXANDER TAN
Supervisor
E-mail: alex.tan@canterbury.ac.nz

Appendix 10. Interview Guide

Michael Intal Magcamit
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University of Canterbury
Christchurch 8140
New Zealand
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Mobile: (64) 21 039 5207
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UNIVERSITY OF CANTERBURY
Te Whare Wānanga o Waitaha
CHRISTCHURCH NEW ZEALAND

Part 1: Guide Questions for ASEAN and APEC Experts

A. On issues concerning regional security in East Asia

1. Being aware of the definitional elasticity of human security, is there a need construct an operationalized definition of the concept so that it can serve as a practical guide for academic research or governmental policymaking? If so, what are the main components that should constitute human security? How do we justify these choices? Does the idea of operationalising human security reinforce or undermine the objective of reconceptualising security to "avoid the pitfalls of ethnocentrism and reflect the context within which the subjects of security are located" (Cabellero-Anthony, 2004: 187)?

2. Realist scholars argue that the international system is characterized by conflict, suspicion and competition between nation-states, a pragmatic stance that thwarts the logic of alternative world orders. As such these supposedly absolute and universal principles – peace, harmony of interests, collective and human security – are not principles at all but the unconscious reflexions of national policy based on a particular interpretation of national interest at a particular time. How does human security challenge this view?

3. Can human security concept/agenda be considered a form of problem solving theory by taking the prevailing institutions and socio-political relations in to which they are organized, as the given framework for action? In this view, can it be inferred that the general aim of human security concept/agenda is to make these relationships and institutions work smoothly by dealing effectively with particular sources of trouble? As such, is the human security concept and agenda not guilty of legitimating the very political order it aspires to transform – one which favours the powerful and is hostile to change?

4. Knowing how the international system is structured and power is distributed can human security concept/agenda provide any meaningful solution to empowering the subaltern or does it only reinforce existing policy frameworks as it is too easily co-opted by political elites? As such, is the concept of human security at risk of being used to justify the expansion of the roles of traditional security actors including the state? Does human security truly represent a paradigm shift or does it offer little conceptual innovation?

5. Human security has proven to be an effective campaign slogan for gathering more and better foreign aid, as well as for protecting communities against organized state violence and the vital ecosystems. Beyond its role as a compelling battle cry, can human security practices support counter-hegemonic narratives which could provide the basis for meaningful systemic change?

6. Will it be more acceptable and practical if human security is viewed as an ethos rather than an agenda that needs to be slotted into prevailing security frameworks? Why or why not? Should a human security ethos and/or agenda be incorporated in the ASEAN/APEC Charter? Why or why not? Why is the ASEAN reluctant in adopting a more definitive stance regarding human security? Which dimension of security is ASEAN/APEC more concerned with – 'freedom from fear' or 'freedom from want'?

7. Ryerson Christie (2010: 186) argues that within critical security studies, the human security concept was seen by some as a useful heterodoxy, as a space of dissent against the preceding state-centric model that served to silence people within the state. However, the arrival of the human security narrative has awakened traditional security actors to the needs of peoples in the South, highlighting the ways in which issues such as poverty, hunger and environmental degradation can make their lives insecure. Yet, this has not translated into an increased voice for peoples in the South, and has instead reinforced their subjugation to the North's security measures. How do human security scholars and specialists react to this challenge?

B. On issues concerning regional free trade in East Asia

1. What is the region's stand regarding the continuous proliferation of bilateral agreements in the region? What roles do bilateral trade agreements play in human development and government stability? How do bilateral trade agreements affect individual East Asian socio-cultural communities, particularly in Taiwan, Singapore, the Philippines, and Malaysia? What is the economic significance and political value of a single bilateral trade agreement? What are its opportunity costs? Are East Asian states better off with the implementation of bilateral trade agreements?

2. How should ASEAN/APEC react to the increasing popularity of plurilateral trade agreements in the region with some of the world's most powerful and affluent nations? What roles do plurilateral trade agreements play in human development and government stability? How do plurilateral trade agreements affect socio-cultural communities in East Asia, particularly in Taiwan, Singapore, the Philippines, and Malaysia? What is the economic significance and political value of a single plurilateral trade agreement? What are its opportunity costs? Are East Asian states better off with the implementation of plurilateral trade agreements?

3. What is ASEAN/APEC's view regarding the ongoing multilateral trade impasse? Is this a direct consequence of proliferation of bilateral trade agreements, on the

one hand, and increasing popularity of plurilateral trade agreements, on the other, in the region?

4. What roles do multilateral trade agreements play in human development and government stability? How do multilateral trade agreements affect East Asian socio-cultural communities, particularly Taiwan, Singapore, the Philippines, and Malaysia?

5. How should ASEAN/APEC react to the alleged unfair practices and double standards prevalent in the WTO? How does it intend to help its members in asserting their positions and increasing their leverage within the multilateral institution? Is the WTO Dispute Settlement Mechanism effective in litigating the cases being filed by the complainants? Does it provide a fair level-playing field for all the participants particularly the smaller, weaker nations?

Part 2: Guide Questions for Taiwan, Singapore, the Philippines, and Malaysia Experts

A. On issues concerning national security

1. How will you describe Taiwan/Singapore/the Philippines/Malaysia's national security policies and strategies in the twenty-first century?

2. What/who is the primary security referent(s) of Taiwan/Singapore/the Philippines/Malaysia's national security?

3. What are the main threats to Taiwan/Singapore/the Philippines/Malaysia's primary security referent(s)?

B. On issues concerning free trade

1. How do Taiwan/Singapore/the Philippines/Malaysia's free trade activities/agreements influence the primary referent(s) of country's national security policies and strategies?

2. Do they enhance or undermine the primary referent(s) of Taiwan/Singapore/the Philippines/Malaysia's national security? Why and how?

3. What are some of the factors that influence the utility of Taiwan/Singapore/the Philippines/Malaysia's free trade activities/agreements for enhancing primary security referent(s) of national security?

Appendix 11. Consent Form

Michael Intal Magcamit
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Mobile: (64) 21 039 5207
Supervisor e-mail: alex.tan@canterbury.ac.nz

UNIVERSITY OF CANTERBURY
Te Whare Wānanga o Waitaha
CHRISTCHURCH NEW ZEALAND

Consent Form

Research Title: Explaining the Unexplained Wealth of Nations:
A Comparative Cross-National Study of 'Cohabitative National-Human Security'

I confirm that I am of legal age (above 18 years old) at present and I have read and understood the descriptions of the above-named project. On this basis I agree to participate in an interview as part of the research. I give my consent for the discussion to be recorded by digital voice recorder and to the publication of results. However, I reserve the right to direct the researcher to take notes only at any time during the interview. I also give my consent to be quoted by the researcher in specific parts of the study provided that I get to review the final draft of the research at least one month prior to its submission to the Department and Review Committee. I also maintain the right to direct the researcher to revise the parts in which I have been quoted based on my own recommendation(s). I understand also that I may, at any stage, withdraw my participation from the research, including the withdrawal of any information I have provided prior to 15th November 2012 by directly contacting the researcher at the given contact details.

Name: _____

Signature: _____Date:_____

Appendix 12. Human Ethics Approval

UNIVERSITY OF CANTERBURY
Te Whare Wānanga o Waitaha
CHRISTCHURCH NEW ZEALAND

HUMAN ETHICS COMMITTEE

Secretary, Lynda Griffioen
Email: human-ethics@canterbury.ac.nz

Ref: HEC 2012/125

7 September 2012

Michael Magcamit
School of Social & Political Sciences
UNIVERSITY OF CANTERBURY

Dear Michael

The Human Ethics Committee advises that your research proposal "Explaining the unexplained wealth of nations: a comparative cross-national study of 'cohabitive national-human security'" has been considered and approved.

Please note that this approval is subject to the incorporation of the amendments you have provided.

Best wishes for your project.

Yours sincerely

pp 

Lindsey MacDonald
Chair
University of Canterbury Human Ethics Committee

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Crouching tiger, lurking dragon: understanding Taiwan's sovereignty and trade linkages in the twenty-first century

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Abstract

This paper seeks to explore and explain the process through which Taiwan utilizes free trade – both at multilateral and bilateral levels – in enhancing its shrinking de facto sovereignty against the backdrop of ubiquitous 'China factor' in the twenty-first century. It argues that China's sinicization project creates a scenario wherein increasing cross-strait stability ironically leads to decreasing de facto sovereignty for Taiwan. Due to this existing cross-strait security dilemma, Taiwanese leaders are being forced to preserve the island's quasi-independent statehood due to fears of losing its remaining de facto autonomy over domestic and foreign affairs. In essence, Taiwan chooses to be de facto free by remaining de jure unfree. Taiwan's sovereign space, therefore, becomes a pivotal

referent object of its national security policy and strategy. Balancing between the two paradoxical interests of enhancing sovereignty while maintaining the Chinese-dominated cross-strait status-quo underlines the relentless games, changes, and fears that Taiwan confronts today.

1 Introduction

Given the ubiquitous 'China factor' shrouding the international system, the paper argues that the primary referent object of Taiwan's national security policy and strategy (NSPS) is its diminishing sovereign space. The term sovereign space in this context particularly refers to Taiwan's de facto domestic and interdependence sovereignty, as opposed to de jure international legal sovereignty.[1] As Stephen Krasner (2009) has succinctly put it, sovereignty is 'the golden ring that political leaders hope to grasp.' However, the complexities surrounding the politico-diplomatic relations between the ROC and the PRC prevent the former from claiming de jure sovereignty.[2] This results in the continued non-diplomatic recognition of Taiwan as a legitimate state in the international arena (Rich, 2009). Consequently, Taiwan is being forced to resign itself to the vulnerabilities and vicissitudes stemming from its insecure and incomplete sovereignty that continuously contracts as China's sinicization[3] project progresses.

In attempts to prevent the complete co-optation of Taiwan within Beijing's One-China trajectory (and therefore, the complete obsolescence of its de facto sovereignty), the paper argues that Taiwanese officials and policymakers are increasingly turning into various forms of free trade agreements (FTAs). Taiwan's experience with free trade underlines the mutually reinforcing and constitutive multilateral trade agreements and bilateral trade agreements in preserving and enhancing its sovereign space. For

1 Stephen Krasner (2001) defines domestic sovereignty as the actual control over a state exercised by an authority organized within this state; interdependence sovereignty as the actual control of movement across state's borders, assuming that the borders exist; and international legal sovereignty as formal recognition by other sovereign states. See also, Rich (2009), Thompson (2006), Kingsbury (1998), Clapham (1998), and Jackson (1990) for a more detailed analysis of different types and degrees of sovereignty.

2 The names 'Taiwan' and 'Republic of China (ROC)' are used interchangeably in this chapter, as with 'China' and 'People's Republic of China (PRC).

3 Sinicization or Chinalization in this context refers to the policies of acculturation, assimilation, or cultural imperialism of neighboring cultures, specifically Taiwan, to China.

instance, when Taiwan was barred from the GATT,[4] its bilateral trade with the United States ensured that the country's trade regime was complementary to the existing multilateral framework. Conversely, when tensions across the Taiwan Strait escalated, the WTO served as an avenue for reconnecting Taiwan and China (Hsieh, 2005, 2011; Huang, 2009).

However, these two forms of FTAs engender unique power dynamics. At the bilateral level between Taiwan and the United States or Taiwan and China, Taipei is unable to adopt a more assertive strategy with respect both to the Washington and Beijing (Bhagwati, 1991, 1990; Collie, 1997; Huang, 2009). Meanwhile, at the multilateral level, specifically within the WTO, smaller and weaker countries like Taiwan are able to forge strategic coalitions that enhance their collective bargaining power that is crucial during negotiation processes (Cho, 2005; Hsieh 2005; Charnovitz, 2006; Huang, 2009). Hence, Taiwan's active participation in both bilateral and multilateral trade is necessary for the enhancement of its de facto sovereignty. To this extent, free trade may be viewed as a sovereignty-upgrading mechanism. However, the ongoing sinicization project being carried out by Beijing via the aggressive promotion of its One-China policy significantly undermines Taiwan's capacity for engaging in these sovereignty-enhancing FTAs.

Against this backdrop, the paper examines Taiwan's participation in both bilateral and multilateral FTAs to analyze their impacts on its de facto sovereignty. In doing so, the sections explore the different facets of existing cross-strait security dilemma that will explain the decision of the Taiwanese government to retain its quasi-independent status and that is to preserve its remaining sovereign space. Put differently, the only way for Taiwan to be de facto free is by remaining de jure unfree. However, such engagement approach creates a dilemma that further reinforces the Chinese-dominated cross-strait status-quo. On the one hand, recalibrating the present cross-strait environment either by pursuing de jure independence or complete unification with China invariably threatens Taiwan's sovereign pace given the primacy of Beijing's One-China policy. On the other hand, pursuing either conditional or unconditional engagement with China unvaryingly imperils Taiwan's de facto sovereignty as well due to the likelihood of overdependence.

4 Formed in 1947 and signed into international law on 1 January 1948, GATT remained one of the focal features of international trade agreements until it was replaced by the creation of the World Trade Organization on 1 January 1995. For more details, see, WTO website, available online at http://www.wto.org/.

In light of this, the paper attempts to answer the following sets of question. First, how do bilateral and multilateral FTAs affect Taiwan's de facto sovereignty amid China's ongoing sinicization project? Do they enhance or undermine Taiwan's remaining sovereign space? Second, why does Taiwan's de facto sovereignty seem to be more conducive for pursuing FTAs as opposed to de jure sovereignty? How does this affect the existing cross-strait status-quo? And third, what are the factors that limit the capacity of FTAs for enhancing Taiwan's de facto sovereignty?

The paper is divided into five sections. Section 1 provided the context through which Taiwan's security–trade linkages in the twenty-first century will be examined. It argued that against the backdrop of omnipresent China factor, the primary referent object of Taiwan's NSPS is its diminishing de facto sovereign space. And in preserving Taiwan's remaining sovereign space, the Taiwanese government actively participates in various free trade activities both at multilateral and bilateral levels. Section 2 briefly examines Taiwan's politico-diplomatic history in order to trace the root of its quasi-autonomous status that results in Taipei's relentless battles for international recognition. It provides preliminary understanding of the importance of economic engagements, mainly via free trade, in eking out a wider space for Taiwan in international politics despite limited formal recognition. Section 3 evaluates Taiwan's experience with bilateral and multilateral trade. It explores the impacts of Taiwan's free trade activities on its sovereign space, which to certain extent, highlights the contrast between Taiwan's political clout and economic clout. Section 4 identifies some of the factors affecting the capacity of FTAs for improving Taiwan's de facto sovereignty. It explains why de facto sovereignty tends to be more favorable than de jure sovereignty when pursuing Taiwanese FTAs and assesses how internal (domestic politics) and external (engagements strategies) factors limit the sovereignty-upgrading potential of FTAs. Section 5 concludes that the warming of cross-strait relations is similar to fraying the frog with warm water. That is, the normalization of cross-strait political and economic relations without the legal recognition of Taipei's sovereignty inevitably absorbs Taiwan within Beijing's One-China trajectory.

2 The genesis of Taiwanese sovereignty dilemma

Analyzing Taiwan's cross-strait engagement policies and strategies requires an understanding of significant events that took place after the Second

World War.[5] The important decisions taken by Washington and Beijing with respect to Taipei's international status significantly influenced the nature of its statehood as a 'floating' de facto sovereign territory. Japan's defeat in World War II (WWII) left Taiwan under the temporary leadership of the Republic of China – Kuomintang (KMT) party (Hsieh, 2005, 2011; Huang, 2009; Rich, 2009). The strong support initially provided by the United States in the aftermath of WWII enabled Taiwan's accession to the United Nations (UN), becoming one of its founding members (Huang, 2009). In 1945, Taiwan was granted a permanent seat in the United Nations Security Council, and two years later, it became a GATT contracting party while still in control of mainland China (Hsieh, 2005, 2011; Huang, 2009).

The ensuing political crises and social unrests, however, drastically transformed the status-quo when KMT was defeated by the Chinese Communist Party in the 1949 (Hsieh 2005, 2011; Huang, 2009; Rich, 2009). This forced the KMT to relocate its government to Taiwan and revoke its GATT membership the following year (Hsieh, 2005, 2011; Huang, 2009). On 8 September 1951, Japan officially renounced its rights over Taiwan in the San Francisco Peace Treaty without formally endorsing a party successor (Huang, 2009). While KMT and CPC both agreed that Taiwan was part of the mainland, however, both parties also claimed legitimate authority over the whole China (Hsieh, 2005, 2011; Huang, 2009).

Fearing that a CPC-led China might further reinvigorate communist sentiments in region, the United States intervened by pressuring Japan to enact another treaty with the KMT (Huang, 2009). In April 1952, Japan and Taiwan signed a new agreement known as the Treaty of Peace between ROC and Japan, which effectively undermined CPC claims (Taiwan's Document Project, 1952). Upon the treaty's ratification, Taiwan was immediately absorbed within the United States' anti-communist regional alliance in Asia-Pacific (Huang, 2009). As a member of this elite circle, Taiwan enjoyed a number of valuable concessions including economic aid and politico-diplomatic support from 1950 until mid-1960s. In 1967, Taiwan rejoined GATT after being granted an observer status (Huang, 2009).

In the late 1960s, however, American foreign policy took a dramatic turn as it began to consider the inclusion of communist PRC into its

5 The names 'Taiwan' and Republic of China (ROC) are used interchangeably in this paper, as with 'China' and 'People's Republic of China (PRC).

anti-Soviet coalition (Huang, 2009). This bargaining with China produced three joint communiqués, which sealed the fate of Taiwan as a 'non-existing' state, namely: (i) Shanghai Communiqué in 1972, (ii) Normalization Communiqué in 1979, and (iii) Arms Sales Communiqué in 1982 (US Department of State 1972; Taiwan's Document Project, 1979; Taiwan's Document Project, 1982). These three separate communiqués had one underlying theme, that is, a 'One-China' policy which the United States had to recognize if it were to win China's support (Huang, 2009; Lee, 2010; Wang *et al*., 2010). Consequently, the PRC took over ROC's seat in the UN in 1971, forcing the latter to withdraw and again from GATT during the same year (Huang, 2009).

With the United States' recognition of PRC as the seat of Chinese government, ROC's most important partner terminated its diplomatic relations with Taipei and passed the Taiwan's Relations Act (American Institute in Taiwan, 1979). The said Act had formally denounced Taiwan's bid for independence by officially endorsing a position that there was but one China and that Taiwan was part of China. Nonetheless, the said document also stated America's intention of maintaining strong, unofficial relations with the island as a means of promoting peace and stability in Asia-Pacific. This new mandate required the establishment of the American Institute in Taiwan, a nonprofit corporation responsible for handling official policy-related dialogs and exchanges between ROC and the United States and replacing Taiwanese official ministries (Huang, 2009). In response, Taipei instituted the CCNA or Coordination Council for North American Affairs in 1979 under the purview of the MFA or Ministry of Foreign Affairs (Huang, 2009). The said body was responsible for the administration and coordination of bilateral matters between ROC and the United States. Although these 'unofficial' economic and politico-strategic exchanges redefined US-Taiwan diplomatic relations, other states, however, had decided to formally end their diplomatic ties with Taipei, bringing down the number of its political allies from 59 in 1971 to 22 in 2013 (Executive Yuan, 2012).

Given the ROC's significantly reduced political clout, economic engagements, mainly via free trade, become crucial strategies for carving out a wider space in international politics amid the insecurities and uncertainties induced by its sudden diplomatic demotion.

3 Free trade as sovereignty-upgrading mechanism

3.1 Taiwan's multilateral trade

The Road to the WTO. Taiwan's accession to the WTO in 2002 under the official name of 'Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu' (TPKM) was largely deemed by Taipei as a diplomatic triumph in light of its previous isolation from the international arena processes (Hsieh, 2005, 2011; Huang, 2009; Lee, 2010; Zhao and Liu, 2010). The Taiwanese government has proudly emphasized the diplomatic significance of its accession to the WTO, and its benefits to local industries and firms, as well as ordinary citizens. Given Taiwan's limited natural resources, it is imperative for the government to actively engage in free trade activities. As such, trade has been an important component of Taiwan's economic statecraft particularly after reorienting its trade strategy in the late 1950s when it shifted from import substitution to export promotion processes (Hsieh, 2005, 2011; Huang, 2009; Lee, 2010; Zhao and Liu, 2010).

While the country's economy has managed to grow rapidly over the past decades even without the benefits from being a GATT member, nevertheless, Taiwanese officials agreed that membership to international organizations could enhance these gains, especially for small powers like Taiwan (Hsieh, 2005, 2011; Huang, 2009). Accession to the WTO, for instance, was expected to improve overall economic efficiency necessary for increasing trade and income levels (Chou *et al.*, 1997). Such initiative has inevitably led to a number of structural reforms such as the abolishment of quantitative restrictions to trade, depreciation of the Taiwanese dollar, and fixing of convoluted multiple exchange rates system (Chou *et al.*, 1997). The range of forbidden and controlled imports was also substantially cut down, and licensing procedures were adopted to ensure health and safety standards (Chou *et al.*, 1997). It is worth noting that even before Taiwan's accession, it has already implemented WTO-consistent reforms and policies (Charnovitz, 2006; Chang and Goldstein, 2007; Yang, 2007; Huang, 2009). The positive results that Taiwan has reaped from the WTO so far can be attributed to its exceptional preparedness in adopting high levels of economic liberalization (Yang, 2007). For instance, Taiwan's average nominal tariff a year prior to its official accession was already at 6.0%, a

level that is comparable to those in advanced WTO countries (Huang, 2009; Chang and Goldstein, 2007; Yang, 2007).

Taiwan's application to the WTO was filed in January 1990, but it took another twelve years before it was finally approved (Hsieh, 2005; Charnovitz, 2006; Yang, 2007; Huang, 2009). There are three common factors that prevent applicants from immediate accession to the WTO, these are: (i) more complicated WTO rules, (ii) non-market economies, and (iii) demands for greater concessions and more aggressive commitments from existing WTO members (Langhammer and Lucke, 1999; Huang, 2009). Taiwan, however, has completed all WTO requirements as early as 1998 (Liang, 2002; Yang, 2007; Huang, 2009). In fact, at the time of its application, Taiwan's trade regime was far more liberalized than most of developing members in the WTO (Liang, 2002; Yang, 2007; Huang, 2009). In short, the amount of time it took to approve Taiwan's application should have been significantly shorter.

The biggest delaying factors in Taiwan's case were politically charged. On the one hand, were issues relating to its contested sovereignty, and on the other hand, were concerns relating to its volatile relations with China (Hsieh, 2005; Huang, 2009). When China renegotiated its WTO membership with the United States after its temporary withdrawal following the Tiananmen Square incidence in 1989, the two parties agreed that Beijing would not block Taipei's accession (Liang, 2002; Huang, 2009). In exchange, it was also agreed that China would be granted membership prior to Taiwan (Liang, 2002; Huang, 2009). This was explicitly tackled during the GATT Council Meeting on 29 September 1992, which acknowledged the One-China principle as stated in the UN General Assembly Resolution 2758: 'Many contracting parties, therefore, had agreed with the view of the People's Republic of China (PRC) that Chinese Taipei, as a separate customs territory, should not accede to the GATT before the PRC itself.' (GATT Council, 1992) This proved to be a painful process for Taiwanese officials because despite their preparedness, incumbent WTO members declined to conclude any form of agreements with Taipei since Beijing's application was still in pending (Liang, 2002; Yang, 2007; Huang, 2009). Consequently, all negotiations with Taipei had to remain open and were sometimes repeated even when there was nothing more to add or to discuss (Liang, 2002; Yang, 2007; Huang, 2009). China's inefficiency in implementing the required structural reforms into its non-market economy, as well as its ineffectiveness in bargaining with other members,

mired Taiwan's negotiation activities (Huang, 2009). Finally, a day after China's accession to the WTO on 10 November 2001, Taiwan was granted a membership status as a separate custom territory (Liang, 2002; Cho, 2005; Hsieh, 2005; Yang, 2007; Huang, 2009).

The ubiquitous China factor. The WTO, unlike any other existing international institutions, does not require potential members to be sovereign states to gain accession. This unique constitutional feature of the WTO has enabled a form of 'cross-strait co-existence' between the ROC and PRC within the same multilateral space as 'co-equal' or parallel members (Cho, 2005; Hsieh, 2005; Charnovitz, 2006; Huang, 2009; Bush, 2011). Hence, while Taipei's WTO accession cannot be regarded as a bilateral accord with Beijing; nonetheless, it helped in facilitating some semblance of rule of law between the two parties. In addition, it allowed the Taiwanese government to stand in an international tribunal through the organization's Dispute Settlement Understanding when disagreements over WTO rule and procedures other members arise (Hsieh, 2005; Charnovitz, 2006). As pompously stated in the 2001 Mainland Affairs Council (MAC) report (cited in Cho, 2005, p. 743):

> Taiwan and mainland China will be two independent, parallel, and equal members. The WTO mechanism offers the two sides a new channel for communication, dialogue, and consultation. The two do not have to set any preconditions or prerequisites. They can conduct dialogue and consultation on mutually concerned issues based on the WTO rules and framework.

However, questions remain as to whether or not China intends to acknowledge Taiwan's co-equal status within the WTO given its continual claim of legitimate sovereignty over the island, along with its long-term goal of reintegrating it with Mainland. From the Chinese perspective, Taiwan remains to be a province of China with or without 'peaceful unification' (Lee, 2010; Zhao and Liu, 2010; Clark and Tan, 2012). As such, Beijing promotes a WTO framework with 'One-China gestures' by rejecting anything that connotes the presence of two Chinas (Cho, 2005, p. 751). Such gestures are intended to castoff any political implications that might arise from China's compliance with WTO rules in relation to Taiwan at the global level. In addition, it aims to emphasize that adherence to these multilateral agreements does not, in any way, nullify Beijing's One-China principle. In short, these

One-China gestures aim 'to tell the world that interactions with Taiwan are not international affairs but internal matters' (Cho, 2005, p. 752).

A concrete example is the 'nomenclature war' launched by China against Taiwan as a subtle form of protest over their parallel status in the WTO. For instance, China uses the name 'Chinese Taipei' instead TPKM to refer to Taiwan in the WTO and insisted that all members must follow the same (Cho, 2005; Charnovitz, 2006). It did not hesitate from calling the attention of representatives from other countries that made the mistake of calling TPKM, 'Taiwan' during formal or informal sessions (Cho, 2005; Charnovitz, 2006). Moreover, China prefers to use Chinese language when preparing official WTO documents that pertain to Taiwan and rejects TPKM documents that bear the name of 'Republic of China' (Cho, 2005). Such gestures are meant to send the message that the island is part of China's separate customs territories just like Hong Kong and Macao (Cho, 2005; Charnovitz, 2006). Hence, from the Chinese standpoint, WTO dialogs between Beijing and Taipei are domestic concerns of a single country with several subsidiaries (Cho, 2005).

Yet, in July 2005, CNA Taiwan reported China's formal recognition of Taiwan's TPKM title but demanded the cancelation of diplomatic titles given to some members of the Taiwanese Mission (cited in Charnovitz, 2006, p. 417). The WTO Secretariat granted the appeal and removed these titles from the updated version of its Members Directory, provoking Taipei officials to accuse the organization of 'throwing away its neutrality under pressure from China.' (Bishop, 2005) At present, only the top two officials at the nation's Permanent Mission to the WTO are identified by their respective titles, while all lower-ranking representatives only have their names and areas of expertize listed (Cho, 2005; Charnovitz, 2006).

These nomenclature discriminations and One-China gestures toward Taiwan are intended to challenge the legitimacy of government's equal standing in the WTO (Cho, 2005; Charnovitz, 2006). As far as Beijing is concerned, Taiwan's WTO accession is solely based on its status as one of China's separate customs and territories (Cho, 2005; Charnovitz, 2006). Hence, it cannot and should not have a legal standing of its own within the said institution. Through these projections, Beijing is able to effectively portray its relations with Taipei as a local affair between Mailand and one of its customs territories. China's rejection of Taiwan's independent legal status at the WTO explains its continuous refusal to conduct bilateral dialogs concerning cross-strait issues at a multilateral level.

3.2 Taiwan's bilateral trade

The US–Taiwan bilateral relations. Taiwan's bilateral trade experience with the United States must be examined against the backdrop of its inability to access both the UN and GATT. The power asymmetry between the two parties enabled the United States to manipulate and exploit Taiwan's policy mechanisms (Hsieh, 2005; Huang, 2009; Lee, 2010; Zhao and Liu, 2010; Hsieh, 2011). In essence, bilateral trade relations between the two were more unilateral than bilateral given the United States' dual role as negotiator and arbitrator. This has enabled the former to act 'manipulatively' and 'exploitatively' toward the latter (Bhagwati, 1990; Krugman, 1991; Zartman and Rubin, 2000, p. 275). Taiwan's proposals for creating dispute settlement mechanism to resolve trade issues were rejected by the United States since bilateral agreements do not allow for it (Charnovitz, 2006; Huang, 2009). Accordingly, throughout the negotiation processes, Taipei followed a defensive strategy, acknowledging its lack of any tangible control over trade matters raised by the United States (Huang, 2009).

Although Taiwan's contested statehood was a critical factor for explaining its weak bargaining leverage, nonetheless, the island's excessive dependence on Washington and its lack of access to multilateral trading system further aggravated its position relative to the United States (Huang, 2009; Lee, 2010; Bush, 2011). Given the Taiwanese government's passive and defensive posture, it failed to capitalize on US bilateralism in promoting its political and economic diplomacy objectives (Huang, 2009; Tucker, 2009; Lee, 2010). Despite Taiwan's mediocre performance in US–Taiwan trade talks, several important lessons were learned that helped the government in its successful bid for a WTO pass. For one, Taiwan's experience with US bilateralism made it easier for the country to adjust to the GATT framework (Cho, 2005; Hsieh, 2005; Charnovitz, 2006; Huang, 2009). The country's trade regime was in line with the regulations and procedures being followed in the WTO, which made the transition from bilateralism to multilateralism relatively smooth (Chou *et al.*, 1997; Huang, 2009). Taiwan's prior bilateral engagements with the United States, therefore, helped the former in preparing for its accession to the WTO. As Siew affirmed (cited in Huang, 2009, p. 49):

> Taiwan's connection to the international regime and the rules of the game were established in the period of US–Taiwan trade negotiations.

> Without such experience, the Americans would not like to help Taiwan join the GATT/WTO while under the pressure from the PRC.

Notwithstanding Taiwan's limited capacity for effectively balancing the asymmetric US power, bilateralism between the two has been instrumental for successful integration of the former within the WTO. This milestone has significantly contributed to the development of Taipei's diplomatic scope. Upon its entry to the WTO, Taiwan was able to conduct positive diplomatic activities through various multilateral mechanisms that have helped in the expansion of its sovereign space. These include: (i) application to other multilateral institutions such as the World Health Organization and the Organization for Economic Cooperation and Development, (ii) participation in negotiating groups within the WTO such as the group of 'Very Good Friends' on Service, the group of 'Anti-dumping Friends', the group of 'Friends of Environmental Goods', and the G10, and (iii) establishment of diplomatic dialogs with other countries applying for accession after 2002 (Huang, 2009).

The China–Taiwan bilateral relations. A critical glitch in Taiwan's foreign economic policymaking stems from its statehood dilemma induced by China's continual rejection of its sovereign status. This creates serious politico-diplomatic constraints that limit the trade policy options available for Taiwanese leaders, unable to develop either substantive or tactical FTAs with their prospective partners.[6] As one of the biggest export-oriented economies in the region, forging bilateral and/or regional FTAs with other countries is instrumental for securing Taiwan's preferential access as the WTO Doha Round staggers to a stalemate (Dent, 2002, 2005, 2006; Hong, 2012). Moreover, FTAs can serve as platforms through which the country's sovereignty can be positively expressed, thereby expanding its China-centric diplomacy track (Dent, 2002, 2005, 2006; Hsieh, 2005; Bush, 2011; Hong, 2012) The 'bandwagoning effect' of FTA proliferation compels Taiwan to negotiate and conclude trade agreements to avert the risks of further marginalization.[7]

6 For a detailed discussion on 'tactical' and 'substantive' forms of FTAs, see Aggarwal and Govella (2013), p. 1–22.

7 For in-depth discussion on FTA's 'bandwagoning effect,' see, Bhagwati and Krueger (1995).

Given the debilitating effects of China factor, Taiwan begins to link its security motives with FTA agendas, amalgamating economic and politico-strategic objectives. Taiwan's FTA plans, therefore, are not only substantively informed but are also tactically linked to its national security. Preferential FTAs provide Taiwan a sense of heightened security by minimizing its degree of dependence on China (Dent, 2002, 2005, 2006; Hong, 2012). Hence, FTAs become an attractive medium of escape for Taiwan. The fear of being marginalized further from intensifying regional integration compels Taiwanese policy elites to craft economically lucrative FTAs that will entice potential partners to look beyond the country's contested statehood (Hong, 2012; Dent, 2002, 2005, 2006).

Inadvertently, the proliferation of FTAs has presented China a new instrument for undermining Taiwan's national security by hijacking its diplomatic space. The result is systematic marginalization of the island from significant global interactions. Beijing's forceful arguments in favor of a strictly state-to-state FTA negotiation further diminish Taiwan's international status (Hong, 2012; Dent, 2002, 2005, 2006). As an alternative, China is persuading Taiwanese policymakers to adopt the Hong Kong and Macau model for developing CEPA or Closer Economic Partnership Arrangement (Dent, 2006; Hong, 2012). Such proposition is deemed unacceptable by the ROC government as it not only contracts the country's diplomatic space but can also potentially lead to a dead-end One-China situation.

Nevertheless, since KMT's return to power in 2008 under the leadership of Ma, Taipei, has begun to downplay the importance of its sovereignty dispute with Beijing (Rigger, 2010; Wang *et al.*, 2010; Chow, 2012; Hong, 2012; Hwang, 2012). As a strategy, Ma launched the Economic Cooperation Framework Agreement (ECFA) in November 2008 and was warmly welcomed by China's Hu Jintao and became a law in January 2011 (Ministry of Economic Affairs, 2010). As a preferential trade agreement, the ECFA aims to reduce tariffs and commercial barriers between Taiwan and China and is considered as the most important agreement since the two sides split after the Chinese Civil War in 1949. From the point of view of Taiwanese government, the ECFA fulfills three main objectives: (i) promoting normalization of cross-strait economic and trade relations, (ii) preventing Taiwan's marginalization from regional economic integration, and (iii) enhancing Taiwan's status as a regional investment hub (Mainland Affairs Council).

The ratification of ECFA impacts several facets of Taiwan's cross-strait relations with China. The deepening asymmetric interdependence between ROC and PRC due to ECFA can be interpreted both in economic ('sensitivity interdependence') and politico-strategic ('vulnerability interdependence') contexts.[8] From an economic context, sensitivity interdependence occurs when economic events in China create externalities that ramify across Taiwan, and vice versa, such as large shifts in prices and disruptions of supply chains (Kahler and Kastner, 2006; Kastner, 2006, 2013; Hong, 2012). The economic fates of both states, therefore, become inextricably linked together. Meanwhile, from a politico-strategic context, vulnerability interdependence arises when imbalanced cross-strait relations allow the stronger party to utilize its power to transform the weaker party's trade policies to its uncontested advantage, such as in the case of ECFA (Kahler and Kastner, 2006; Kastner, 2006, 2013; Hong, 2012). Once dependency has been established, the dominant partner begins to introduce extra conditionalities which cannot be refuted by the weaker party since the risks of termination have gone too high (Chow, 2012; Hong, 2012; Hwang, 2012).

On the one hand, the preferentiality and exclusivity being derived from ECFA integrates Taiwan and China more deeply, and as such, increases the costs of defection (Kahler and Kastner, 2006; Kastner, 2013). Economic Cooperation Framework Agreement may also be seen as an added layer of protection against Taiwan's further relegation from the international trading system (Chow, 2012; Hong, 2012; Wu, 2012). It is envisioned to enhance the country's industrial competitiveness by attracting more FDIs, hence strengthening its position in the rapidly expanding Chinese market (Chow, 2012; Hong, 2012; Wu, 2012). In short, it is the prototype for Taiwan's future FTAs with prospective partners other than China. Beijing had promised to support Taipei's efforts in negotiating FTAs with other small powers like Singapore and New Zealand to begin carving its international space under the purview of One-China principle upon ECFA's implementation (Dent, 2006; Hong, 2012). Due to China's politico-strategic motives, however, the possibility of Taiwan forming FTAs with other powerful nations such as the United States, Japan, EU members, and ASEAN as a whole remains unlikely (Hsieh, 2011; Chow, 2012; Hong, 2012; Wu, 2012).

8 For a more in-depth analysis of sensitivity interdependence, see Keohane and Nye (1977); for vulnerability interdependence, see Hirschman (1945).

Politically, ECFA is both a cause and effect of cross-strait pacification and, as such, can either reinforce or threaten stability across the Taiwan Strait. The main argument against ECFA, however, is that it can potentially result in the cession of Taiwan's de facto autonomy in exchange for limited economic benefits (Chen, 2012; Chow, 2012; Hong, 2012; Hwang, 2012; Wu, 2012). Critics point to the ambiguous, secretive, and undemocratic process through which ECFA has been negotiated and ratified by the two governments, rousing suspicions that the selling of Taiwan's national interests (Chow, 2012; Hong, 2012). Although the adoption of ECFA does not necessarily lead to unification as discussed earlier, the preferentiality afforded by ECFA to China may contribute to that end goal (Chow, 2012; Dittmer, 2012; Hong, 2012; Hwang, 2012; Wu, 2012). Similarly, the notion of normalization of cross-strait relations through ECFA is deemed by Beijing as a step closer toward unification (Hsieh, 2011; Chen, 2012; Chow, 2012; Hong, 2012; Dittmer, 2012). Arguments for protectionism, therefore, typically underscore the threats to ROC's national security induced by heightened economic engagements (Chen, 2012; Chow, 2012; Hong, 2012). Critics warn the government about China's attempts at unification via economics strategy for managing relations across Taiwan Strait (Chen, 2012; Dittmer, 2012; Hong, 2012; Muyard, 2012; Wu, 2012). Despite Taipei's discriminatory treatment against Chinese products, Beijing remains patient and compromising since it views ECFA negotiations as a positive function of One-China vision (Chen, 2012; Chow, 2012; Hong, 2012).

Beijing's insistence on a 'one country, two systems' approach for facilitating ECFA does not bode well for Taiwanese policymakers who favor normalization of the status-quo over political unification (Dittmer, 2012; Hong, 2012; Muyard, 2012; Wu, 2012). The manner with which the PRC is managing ECFA sends a strong message that it is viewed more as a domestic rather than an international agreement by Beijing. The fact that ECFA's legal documents do not include definite plans and schedules implies that both parties may not be able to fully comply with WTO rules regarding the proper implementation of FTA's. Hence, Taipei still considers multilateral trade under the WTO as the more preferred channel for asserting its sovereign claims and enhancing its national security given its constitutionally guaranteed equal rights that mitigates discrimination and precludes favoritism among members.

Taiwan beyond the United States and China bilateral relations. Immediately after ECFA's signing, Taiwanese officials have vigorously explored possibilities for developing FTAs with other nations. In fact, even prior to Taiwan's WTO accession, the government had already established the FTA Task Force in 2001, conducting feasibility studies on bilateral trade with partners such as Japan, New Zealand, Singapore, and the United States (EDN, 2010).

Although preliminary assessments seemed encouraging, it did not take long before China issued warnings to countries that were considering FTAs with Taiwan (Dent, 2006). This led to Singapore's reassessment of its FTA plans with Taiwan, arguing that any agreement between the two countries must be pursuant to the One China principle (Dent, 2006). And while both parties deemed such decision regrettable, nevertheless, FTA negotiations eventually led to indefinite suspension (Dent, 2006; Hong, 2012). Even the announcement made by Taiwanese government concerning the official title that will be used in signing FTA documents to downplay its contested statehood dilemma – Chinese Taipei instead of Taiwan – did not illicit positive response from prospective partners (Dent, 2006; Hong, 2012). Beijing, therefore, has discovered another effective mechanism for constraining Taiwan's diplomatic space by deliberately blocking its efforts at joining regional and/or transregional FTA activities.

Taiwan did manage, however, to conclude bilateral FTAs with four of its twenty-two official diplomatic allies, namely: Costa Rica, from October 2002; Guatemala, from March 2003; Panama, August 2003; and Nicaragua, from, April 2004 (Ministry of Foreign Affairs, 2014). The net economic benefits of Taiwan's bilateral trade deals with these Central American countries – estimated at around USD 324 million in 2004 – are relatively small, taking into account the associated costs for negotiating these FTAs (Dent, 2006). To this extent, it can be argued that Taipei's economic motives for concluding these bilateral agreements were only secondary to its politico-strategic motives. By signing these agreements, Taiwanese officials have gained vital first-hand experience with FTA formulations and negotiations. In addition, these accords have also set the stage for Taiwan's goal of expanding its diplomatic space amid strong pressure from Beijing to uphold the One-China principle.

Amid PRC's constant threats against ROC's FTA plans with non-diplomatic partners, Taipei has implicitly retaliated by adopting a stealthy approach to conducting preferential trade negotiations (Dent, 2006). The

lack of huge media attention on Taiwan's bilateral involvement is a key component of the government's strategy for capturing substantive and/or tactical FTAs (Dent, 2006). The first concrete results from these efforts were the signing of bilateral FTAs with New Zealand and Singapore in 2013, three years after ECFA's enactment. These events had somewhat ended looming speculations on Beijing's plan to abandon its promise of allowing Taiwan to conclude FTAs with other countries even after the passage of ECFA. Needless to say, Taiwan achieved major diplomatic milestones with the successful conclusions of its first two bilateral FTAs with non-diplomatic partners.

On 10 July 2013, Taiwan and New Zealand signed the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (TPKM) on Economic Cooperation or ANZTEC (New Zealand Commerce and Industry Office, 2013). The said agreement is Taiwan's first FTA with a non-diplomatic partner that also has an existing trade arrangement with China. Taipei officials maintain that ANZTEC provides Taiwan the much-needed thrust for pursing greater regional economic integration and opens new doors for similar agreements against the backdrop of warming cross-strait relations (White *et al.*, 2013). To avoid unnecessary diplomatic row with its second largest trading partner, the New Zealand government took a low-profile approach during negotiations (Craymer and Liu, 2013). Neither government sent senior ministers to witness the signing of ANZTEC, so as not to imply a 'state-to-state' affair. Instead, the pact's signing was concluded via webcast, enabling Taiwanese officials to witness the agreement without having to set foot in New Zealand territory.

Technically, ANZTEC is not a 'state-to-state' agreement since it was signed by the New Zealand Commerce and Industry Office in Taipei, and the Taipei Economic and Cultural Office in Wellington. This was later on confirmed by China's Foreign Ministry spokesperson Hua Chunying at a press conference held in Beijing on 10 July 2013:

> Our position on the issue of Taiwan's foreign exchanges is consistent and clear. We have no objection to non-governmental business and cultural exchanges between foreign countries and the region of Taiwan but oppose the development of any official ties between them. Fair and reasonable arrangement could be made for Taiwan's participation in international activities through practical consultation across the Straits on the premise of

not creating 'two Chinas' or 'one China, one Taiwan.'(Consulate-General of the People's Republic of China, 2013)

Following its game-changing FTA with New Zealand, on 7 November 2013, Taiwan signed another bilateral agreement with Singapore, called Agreement between Singapore and the Separate Customs Territory of TPKM on Economic Partnership or ASTEP (Ministry of Foreign Affairs, 2013). It is Taiwan's first bilateral FTA with a non-diplomatic partner in Asia and represents the country's hope to trigger a domino effect by encouraging other states to negotiate with it on similar trade accords without antagonizing Beijing. As with ANZTEC, both parties in ASTEP maintained a low-profile approach throughout the negotiation process to avoid offending Chinese sentiments (Wang, 2013). The deal was signed between the Singapore Trade Office in Taipei and the Taipei Representative Office in Singapore, implying a non-'government-to-government' agreement similar to ANZTEC. Taiwan's Minister of Foreign Affairs David Lin is optimistic that both ASTEP and ANZTEC will enable the country to accede to plurilateral trade agreements such as the TPP or Trans-Pacific Partnership, and the RCEP or Regional Comprehensive Economic Partnership (Shih, 2013). Meanwhile, China threw caution to Singapore over its FTA activities with Taiwan, urging its government to recognize the existing One-China policy: 'our position on Taiwan's foreign interactions remains consistent and clear. We hope Singapore could abide by the One-China policy and deal with its economic ties with Taiwan in a prudent and proper manner.' (Hsu and Poon, 2013).

The coming into fruition of ANZTEC and ASTEP can be indications that cross-strait relations are improving. The PRC is now more comfortable in giving ROC some room to navigate in the international arena, thereby enlarging its diplomatic space. However, the extent to which observance of One-China principle will influence Taiwan's capacity at enhancing the level and quality of interactions in international platforms remains ambiguous. Notwithstanding these uncertainties, both ANZTEC and ASTEP represent a significant development as far as Taiwan's 'inexistence' at the global arena is concerned and mark the beginning of thawing political barriers to Taiwanese sovereign statehood.

Overall, bilateral FTAs are vital tools for upgrading Taiwan's de facto sovereignty as they enhance the country's relations with non-diplomatic partners. While bandwagoning and domino effects of FTAs have

manifested in various Asia-Pacific countries, Taiwan, in contrast, has remained relatively idle due to its existing politico-diplomatic issues with China (Asian Regional Integration Center, 2014). Although recent events may have revealed a more positive Chinese attitude toward Taiwan's FTA goals, nonetheless, there are no guarantees that such behavior will last in the short, let alone long run. The Taiwanese government, therefore, tries to efficiently utilize the benefits from WTO membership. Unfortunately, the current WTO impasse poses yet another problem for the country that requires it to play a more pro-active role in helping other members reach a consensus on problematic trade issues. Hence, in the context of an omnipresent China factor, Taiwan is essentially facing a two-way free-trade stalemate, which invariably threatens its remaining sovereign space.

4 Limits to Taiwan's sovereignty-trade linkages

4.1 Limits of domestic politics

Different political actors have different views regarding the impacts of cross-strait trade relations on Taiwan's de facto sovereignty. On the one hand, the pan-green forces depict cross-strait trade engagements as threats to national security, and on the other hand, pan-blue forces highlight the security-enhancing features of such engagements.[9] Despite DPP's warnings about the imminent threats being posed by deeper economic engagement with the Mainland, the KMT still actively campaigns for enhanced Sino partnership to take advantage of the economic boom in China (Lee, 2010; Wang *et al*., 2010; Zhao and Liu, 2010; Chow, 2011).

Thus, it is interesting to see how ordinary Taiwanese citizens view the intensifying cross-strait relations. Based on the survey conducted by the National Chengchi University in April 2007 during the time of then-President Chen of the DPP, cross-strait relations were seen more as a threat rather than reinforcement to Taiwanese sovereignty. 61.0% of the respondents demanded tighter regulations on cross-strait relations; 35.0% requested for fewer restrictions; and 4.0% favored the present status-quo

9 The pan-green force is consisted of the Democratic Progressive Party (DPP), Taiwan Solidarity Union (TSU), and the minor Taiwan Independence Party (TAIP). The pan-blue force is consisted of the Kuomintang (KMT), the People First Party (PFP), and the New Party (CNP).

(Wang, 2009). Upon the KMT's return to power in 2008 under Ma's leadership, the percentage of Taiwanese population that called for stricter regulations increased to 71.0%, whereas those that favored softer policies decreased to 26.0% (Wang, 2009). These results highlight the largely pessimistic views being held by Taiwanese citizens with respect to Taipei's engagement strategies with Beijing, specifically after the reopening of direct links to cross-strait relations. To some extent, these findings reflect the persistence of Taiwanese nationalism over fears of complete absorption within China's sinicization project.

Nevertheless, ECF's passage and implementation had seemed to alter Taiwanese perception toward China but not without deep polarization of local opinion. On the one hand, influential business groups along with some of the country's political elites are largely supportive of ECFA, citing huge economic gains as primary impetus for passing the agreement (Clark, 2009; Wang *et al*., 2010; Hsieh, 2011; Clark and Tan, 2012). On the other hand, parties opposed to reunification plans with China, along with the local firms adversely affected by the agreement, argue that ECFA symbolizes Ma's long-term interest in selling Taiwan's sovereignty by ceding all its political and economic authorities to the Mainland (Tien and Tung, 2011; Hong, 2012). Despite this, results from the surveys conducted by the MAC in 2010 indicated a generally favorable Taiwanese attitude toward ECFA. 60.0% of the total number of respondents agreed that ECFA creates long-term positive impacts to the economy and 23.0% expressed less optimism about its promised effects, while the remaining 11.0% showed neutral support for the agreement (Mainland Affairs Council, 2010).

Furthermore, ECFA supporters argue that the citizens' favorable view toward the agreement is largely driven by the satisfying conditions it generates. 67.0% of survey participants expressed satisfaction with the ECFA, while only 33.0% claimed dissatisfaction (Mainland Affairs Council, 2010). With regard to ECFA's latent security threats against Taiwan's sovereignty, although 34.0% believed that the agreement undermines the country's de facto sovereignty, nonetheless, a much larger 66.0% downplayed the veracity of these threats (Mainland Affairs Council, 2010). With respect to ECFA's role in Taiwan's FTA promotion, 71.0% of the respondents viewed the agreement as a necessary precursor for capturing more FTAs in the future, thus, underlining its capacity for enhancing the island's sovereign space (Mainland Affairs Council, 2010). These

results suggest that Taiwan's management style with respect to cross-strait relations is more fluid than what might have been initially thought of. Taipei's pragmatic engagement approach with respect to China has substantial influence over the politico-diplomatic climate surrounding the two governments. The island's speedy recovery from the global recession in 2009, and the inability of the DPP from predicting the accurate impact of the ECFA on Taiwan's sovereignty, has significantly improved the Chinese image (Clark, 2009; Clark and Tan, 2010, 2012).

But, for the members and leaders of the DPP, pro-Taiwan policies particularly the quest for de jure sovereignty must deeply be interwoven into the country's democratization agenda (Clark and Tan, 2012; Rigger, 2010). Replacing authoritarianism with democracy requires the propagation of Taiwanese nationalism that would overthrow a China-centric regime in order to declare non-negotiable autonomy from China (Gold, 1986; Wachman, 1994). The DPP officials expected that by leading the nation in its pursuit for complete independence, the citizens would give them the required votes to gain power over the government (Clark and Tan, 2010, 2012). Conversely, the KMT leaders heavily relied on the spill-over effects of Taiwan's economic miracle to justify their position that favored the normalization of cross-strait relations (Clark and Tan, 2010, 2012). So, while the DPP was adamant in endorsing a state-to-state approach when dealing with China, the KMT was cautious with implementing its own version of the One-China principle despite its reinstatement of Taiwan as the legitimate government of all China (Clark and Tan, 2010, 2012; Rigger, 2010).

The results of 1991 and 2008 elections, however, have forced the DPP to take a more restrained rhetoric on Taiwanese sovereignty after suffering a landslide defeat against the KMT (Clark and Tan, 2012). Since the explicit denouncement of One-China policy proved to be electorally costly and politically infeasible at least in the short run, the DPP started to relax its policy on sovereignty and crafted a new discourse emphasizing the country's de facto rather than de jure independence from China (Rigger, 2010; Clark and Tan, 2012). This resulted to internal conflicts among various DPP factions that eventually led to defection of pro-independence members and soon established the Taiwan Independence Party (Wang, 2000; Rigger, 2001; Clark and Tan, 2012).

The failure of nationalist goals and objectives to bring about electoral success their limits for improving Taiwan's remaining sovereign space.

Revisionist propositions with regard to Taiwan's contested sovereignty yield low numbers of vote for the respective parties espousing them. This reflects the public's fear that proposals for either complete unification or absolute independence invariably undercut the existing cross-strait stability. Interestingly, a huge segment of the voting population preferred the preservation of the status-quo, or the so-called normalization of cross-strait relations (Hsieh, 2002; Huang, 2009). Consequently, Taiwan's major political parties are being compelled to soften their nationalist stance by taking the middle ground in order to placate the skeptic voters (Wang, 2000; Lin, 2001; Clark and Tan, 2012). It appears, therefore, that a consensus for adopting a moderate approach to achieving nationalist agendas between these two competing parties has been reached. While general sentiments toward each other may be as capricious as the Taiwan–China relation itself, nonetheless, both have been consistent in applying the norm of moderation in the conduct of cross-strait affairs.

Once again, this became evident in the 2012 presidential election when the DPP's presidential candidate, Tsai Eng-wen, failed to convince Taiwanese voters that cross-strait relations would remain stable under her leadership. This forced the DPP to reformulate its engagement policies and strategies with the Mainland (Kastner, 2013). As such, it may be argued that in the long run, there will be no incentive for Taiwanese political parties and politicians to launch strong pro-independence campaigns given their huge electoral risks. Therefore, the freezing of Taiwan's de jure sovereignty becomes an attractive choice.

4.2 Limits of engagement strategies

That the ever-increasing economic interdependence between Taiwan and China engenders security threats due to the latter's claims of sovereign authority over the former is reminiscent of Hirschman's (1980) analysis of Eastern Europe's economic dependence on Nazi Germany in the 1930s. There were three interrelated factors that led to intensified cross-strait economic relations in the early and mid-1990s, namely: economic complementarity, cultural and language ties, and political compatibility (Clark and Tan, 2010, 2012).

The ephemeral harmony of interest induced by volatile political compatibility was soon replaced by hostility and tension stemming from provocative exchanges between the two governments beginning on second half of the

1990s. President Lee's visit to his alma mater at Cornell University in June 1995 was interpreted as a subtle assertion of Taiwanese independence, eliciting strong military contestations from Beijing through missile diplomacy (Clark and Tan, 2010, 2012; Lee, 2010; Zhao and Liu, 2010). Lee's statements regarding Taiwan's 'state-to-state relations' with China in 1999 led further to a series of confrontations (Clark and Tan, 2010, 2012; Lee, 2010). Although Beijing issued grave warnings against a pro-independence presidential candidate, nevertheless, this did not prevent a DPP contender in the person of Chen Shui-bian, from occupying the presidential seat in 2000 (Lee 2010; Wang *et al.*, 2010; Zhao and Liu, 2010).

After two years of failed attempts at courting China, a 'one country, one side' rhetoric was adopted, provoking yet another cross-strait crisis. China responded with the passage of its Anti-Secession Law directed toward Taipei in March 2005, reigniting tensions across the Taiwan Strait (Wang *et al.*, 2010; Zhao and Liu, 2010). Chen then utilized the China factor for consolidating domestic support to his nationalist agendas while freezing the National Unification Council and Guidelines in 2006 (Lee, 2010; Rigger, 2010). As a result, cross-strait relations continued to be erratic and unstable until the KMT's return to power in 2008 with Ma taking over the presidency and promising a more China-friendly approach (Chu, 2007; Gold, 2009; Tucker, 2009; Lee, 2010; Rigger, 2010; Wang *et al.*, 2010; Zhao and Liu, 2010).

Despite constant diplomatic bickering, economic interactions between the two governments remained relatively stable and in fact grew even higher. Cross-strait trade relations have been successfully insulated during these tumultuous periods. However, the imbalanced trade between Taiwan and China has some serious implications, both positive and negative depending on whether one generates a surplus or a deficit. The argument regarding the adverse effects of Taiwan's trade dependence on China, particularly in terms of its contested statehood, highlights the limits of ROC's engagement strategies. Given the overwhelming China factor, Taiwan's pursuit of economic interests threatens to undermine its already diminishing sovereign space. Yet, for the current Ma administration, forging mutual trust and understanding through deeper economic partnership with China is the key to ensuring peace and stability in cross-strait relations (Clark and Tan, 2010, 2012; Lee, 2010; Wang *et al.*, 2010; Zhao and Liu, 2010). In the words of Ma (in Kastner 2013, p. 6) it's only by 'more contact, more understanding, more exchange [can] we reduce the historical hostilities across the Taiwan

Strait.' Such statement implies Ma's adherence to a softer version of One-China policy by insisting on closer economic integration with the Mainland in order to preserve Taiwan's de facto autonomy.

But, for the staunchest critics of cross-strait economic engagement, Taiwan's increasing dependence on China inevitably leads to political unification (Lee, 2010; Zhao and Liu, 2010; Hong, 2012). First, Beijing may either use economic sticks or carrots to convince or coerce Taipei into unification. Second, Taiwanese beneficiaries of economic interdependence in general may develop a positive outlook toward unification, knowing how important stable cross-strait relations is for securing their private interests (Kastner 2013).

Supporters of Ma's policy, however, claim that there are a few good reasons to question the assumption that economic integration will eventually lead to political unification. Although Taiwan's closer economic relations with China may enhance the latter's coercive power, its application, however, can be both economically and politically costly not only for the island but also for the Mainland (Cheng, 2005; Kastner, 2013). The imposition of economic sanctions on Taiwan, for example, hurts local business groups that favor political unification and, as such, are counterproductive to China's strategic motives (Hsieh, 2005; Kastner, 2013). In addition, there are no compelling statistical evidences that would suggest great enthusiasm on the part of Taiwanese citizens toward unification projects (Clark and Tan, 2012; Kastner, 2013). In fact, the percentage of Taiwanese population demanding to expedite the unification process has dropped to 3.0% over the past decade, while those advocating for a 'one country, two systems' framework were reduced to 8.1% (MAC, 2012). In short, at present, there are no strong evidences to support the argument that intensifying economic interdependence is increasing domestic support for Chinese unification.

Finally, the salience of 'Taiwanese dilemma' from the Chinese standpoint somewhat depends on Taiwan's ruling party (Clark and Tan, 2010, 2012; Rigger, 2010; Kastner, 2013). A more daring ROC government that pushes the envelope on sovereignty issues is expected to illicit aggressive reactions from the PRC, which may ignore the economic costs of war if only to prevent the emergence of two Chinas (Clark and Tan, 2010, 2012; Kastner 2013). Given the rate at which Chinese economic wealth and military power are expanding, financial considerations for waging war are becoming less of an issue, especially when launched against smaller enemies like Taiwan

(Kahler and Kastner, 2006; Kastner, 2013). So, while strengthening cross-strait economic ties might bring about new economic miracle for Taiwan, its overdependence on China, however, blocks fundamental politico-diplomatic objectives necessary for its sovereign statehood.

This argument is clearly illustrated by the dramatic turn of events that took place after the KMT's 'blitzkrieg' passage of Cross Strait Services Trade Agreement (CSSTA) with China on 17 March 2014.[10] Ma's decision to cut-short a vital deliberation process in the Legislative Yuan concerning the controversial agreement has provoked the protestors and various militant groups to occupy the parliament on 19 March 2014 (Arrouas, 2014). The demonstrators have demanded several conditions from the Taiwanese president: hold an inclusive citizens constitutional conference; reject the CSSTA in lieu of a monitoring mechanism for cross-strait agreements; pass a monitoring mechanism for Cross-Strait Agreements in the current legislative session; and for legislators from both parties to address the people's demands (CALD, 2014). Thus, while on the one hand, big local business groups support unconditional economic engagement, the grass-roots civil society, on the other hand, insists on maintaining regulatory conditions for the facilitation of cross-strait relations. The conflicts between these two important segments of the population further side-steps the respective policy strategies of Taiwanese political parties with respect to issues surrounding Taiwan's quasi-sovereign statehood.

5 Conclusions

Taiwan's reopening of cross-strait links with China, along with successful enactments of its new bilateral FTAs with non-diplomatic partners, has sparked renewed optimism among Taiwanese officials. However, the fact that these agreements are anchored on the One-China principle implies the continued illegitimacy of Taiwan's independence. Hence, although a détente approach toward cross-strait relations may have helped in expanding the country's sovereign space, however, it is largely inadequate for legitimizing Taiwan's sovereign existence in the twenty-first century.

To some extent, Ma's rapprochement policy with respect to China has resulted to the easing of tension across the Taiwan Strait. But, the

10 For more information about the protest against the CSSTA, see Democratic Progressive Party (2014).

widespread belief that his government is recklessly annexing Taiwan's national interests within China's 'Greater China Economic Zone' framework has ruffled some feathers, particularly who are most concerned about possibility of unification with the Mainland. Amid China's continual rejection of Taiwanese statehood, intensified economic engagements, particularly via free trade, act as vehicles for conquering Taiwan's remaining sovereign space. Clearly, there is a huge tradeoff between Taiwan's competing goals of pursuing economic interests, on the one hand, and preserving its politico-diplomatic viability, on the other, thereby resulting to a dilemma. To prevent such dilemma from resulting to an internal impasse, Taiwanese officials have decided that it would be best to rekindle the flame with their Chinese counterparts. This underlines the risks involved in Taiwan's attempts at facilitating FTAs in saving its sovereign space against the backdrop of omnipresent China factor. Diminishing political frictions across the Taiwan Strait has the paradoxical effect of further reducing the available political-diplomatic options for Taiwan, including its quest for de jure independence. Put differently, greater cross-strait rapprochement paradoxically leads to lesser Taiwanese autonomy.

Clearly, the spread of One-China rhetoric, is damaging for Taiwan's de facto sovereignty as it helps facilitate the complete sinicization of the island. By treating cross-strait affairs as domestic rather than international matters, China is effectively reducing Taiwan's statehood into a special administrative region similar to Hong Kong and Macau. This further curtails Taiwan's diplomatic recognition, resulting to greater erosion of its remaining sovereign space. The abstruse customary practice being observed when signing Taiwanese FTAs – between government institutions as opposed to state-to-state approach – reinforces the idea that Taiwan is merely a local government unit of China. Moving toward the institutionalization of cross-strait politico-economic relations without acknowledging the legitimacy of Taiwanese sovereignty inexorably absorbs the island within China's sinicization trajectory – from short-term economics to long-term political. That is, frazzling the frog with warm water.

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Trading in Paranoia: Exploring Singapore's Security-Trade Linkages in the Twenty-first Century

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Trading in Paranoia: Exploring Singapore's Security-Trade Linkages in the Twenty-first Century

Michael Intal Magcamit

Singapore's rude awakening to independence has led to the creation of one of the most important and strategic entrepôts in the Asia-Pacific. The country's limited territorial lands and natural resources, combined with huge per capita income, high population density and sensitive racial mix, make Singapore the quintessential pragmatic trading state of the twenty-first century. This paper examines how Singapore has embedded itself at the centre of regional and global trade systems by exploiting various forms of free trade activities including multilateral, regional and bilateral FTAs that underpin its security and survival. It argues that in order to maintain the city-state's geo-economic and geo-political viability, the Singaporean government has progressively linked its security interests with its multilevel free trade activities. Given the 'vulnerability fetish' and siege mentality that confront Singaporean leaders and policymakers, the pursuit of economic development via free trade has become the heart of its national security policy and strategy. The paper concludes by arguing that the enhancement and preservation of Singapore's survival as a sovereign nation-state demands a strategic utilization of FTAs with different trade partners, especially with regional and trans-regional powers such as the United States and China.

Keywords: Singapore; Free Trade Agreements; Security; United States; China

1 Introduction

A recurring theme in Singapore's national security narratives is the concern for survival within a Hobbesian-like environment particularly in the immediate years following its abrupt separation from Malaysia in 1965. This highlights the 'vulnerability fetish'[1] that haunts Singaporean leaders and policymakers and has resulted in a realist conception of the island-state's security policies and strategies. By

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embracing a competitive outlook that sees global politics as a zero-sum game and sovereignty as a sacred principle that must be gallantly guarded, the Singaporean security concept reinforces the principles of power balancing (through regional alliance- and/or partnership-building) and self-help (through the development of national resources) (Ganesan, 1998, 2005, 2010; Leifer, 2000; Dent 2001, 2002; Acharya, 2008; Chew and Tan, 2008; Tan, 2009, 2012).

Over the years, however, Singapore's realist disposition has been gradually tempered by the intensifying economic interdependence particularly among Asia-Pacific countries. The island's scarce territorial lands and natural resources coupled with high population density, huge per capita income and sensitive racial mix make Singapore the quintessential pragmatic trading state (Dent, 2001, 2002; Chong, 2007; Pang, 2007; Tan, 2009). Ironically, despite the constraints created by its sub-optimal geographic features, Singapore's physical location has transformed it into a vital economic hub that links the developed and developing economies across the globe. Such a strategic position is said to be responsible for Singapore's remarkable success with free trade that usually accounts for more than three times its annual GDP (WTO, 2012; World Bank, 2014).

Furthermore, the creation of regional norms and institutions has significantly helped in fostering a more benign and stable environment necessary for the continued economic development of Singapore. However, it must be noted that such conditions have not completely undermined the value of national self-help as it continues to play a significant part in the security psyche of Singaporean leaders and policymakers. To this extent, it may be argued that the Singaporean approach to economic progress vis-à-vis development is also being viewed and defined in defensive, realist terms. For instance, the government's adherence to comprehensive security as exemplified by its Total Defence doctrine underlines the prevailing notion that economic liberalism in practice is not exclusively liberal.[2] In the words of See Seng Tan (2009: 29), 'more likely, [Singapore's] commitment to economic liberalism does not preclude reliance, at times robust, on economic realism and/or mercantilism'.

Consequently, Singapore's geo-political and geo-economic viability becomes deeply embedded within the existing international and regional trading systems. The potential escalation of domestic crises – political, economic, social and cultural – into full-blown regional military conflicts without a strong defence sector capable of deflecting them has been a source of constant paranoia for the Singaporean government. Even the city-state's image as a 'glittering skyscraper built in a bad neighbourhood' creates anxiety among state leaders and ordinary citizens alike (Dhume, 2001). Such problems are being aggravated by the inadequate manpower necessary for maintaining credible and resilient armed forces mainly due to the continued decline in the birth rate[3] and the lack of qualified military and defence personnel, which is partly caused by some deeply entrenched ethnic biases. In short, it will be in the best interest of Singaporean policy elites to ensure the general stability and predictability of the trading environment that underwrites some of its security interests.

Several scholars have attempted to explore the nexus between Singapore's security considerations and free trade activities, albeit implicitly. Christopher Dent (2001), for instance, argues that Singapore's robust foreign economic policies – specifically pertaining to free trade – are primarily driven by a deep security complex that has forced government leaders and decision-makers to aggressively pursue economic advancement. The goal is not only to improve the socioeconomic welfare of the average Singaporean family, but, more importantly, to ensure the survival of the state that is being challenged by old and new forms of security threat. This security complex, according to Dent (2001: 7–8), is characterized by the state's ceaseless and obsessive 'securitization' of various dimensions of economic security (supply, market access, finance credit and techno-industrial) on the one hand, and socioeconomic security (trans-border community, systemic and alliance), on the other. Dent's arguments further reinforce Narayanan Ganesan's (1998) earlier observation that Singapore's realist worldview and conception of national security are gradually liberalizing as a result of global politico-economic trends. Ganesan (1998) predicts that the growth of Southeast Asian regional economic cooperation via free trade will result in a shift in Singapore's security paradigm toward a less competitive ideology that underlines the relative importance of mutual gain as opposed to mutual fear in laying down the groundwork necessary for establishing partnerships and alliances. Such a deep-seated sense of vulnerability, according to Michael Leifer (2000), has continued to shape the island-state's foreign policy despite its assured place within the international community. Consequently, Leifer (2001) argues that Singaporean leaders and policymakers have never allowed themselves to take the sovereign status and political future of their city-state for granted. Understandably, security has been the overarching philosophy of Singapore's domestic and foreign policies since the day that it became a sovereign country. As then Deputy Prime Minister Tony Tan (2004) has noted:

> Without security, there can be no economic development. Conversely, stability and security are in serious jeopardy without economic development. This is the basis for the priority that Singapore has placed on ensuring our defence.

In contrast to these earlier works, the paper focuses on one of the key components of global economic activity that is continuously gaining momentum in the twenty-first century: free trade agreements (FTAs). In particular, it attempts to explore and explain the process through which Singapore links its security interests with various types of FTAs – multilateral, regional and bilateral – in its attempt at enhancing and preserving its geo-political and geo-economic viability. The paper argues that Singaporean leaders and policymakers have deliberately grafted the country's security requirements into its FTA agendas in the hope of effectively containing potential threats to its survival as a sovereign nation-state. In doing so, the government adopts a fairly comprehensive security framework that highlights the role of FTAs as instruments for regulating domestic and regional conditions that affect state survival. The paper's assessment of Singapore's security policies and strategies generates useful insights about the military ('hard power') and non-military ('soft power') capabilities

of the country for defending the developmental project that is crucial to its geo-political and geo-economic viability.

In light of this, the paper attempts to answer the following sets of questions. First, why does Singapore progressively link its security interests with its free trade agreements? How do multilateral, regional and bilateral FTAs affect Singapore's chances of survival as a sovereign state in the twenty-first century? Second, what are the factors that influence the capacity of FTAs for enhancing Singapore's geo-political and geo-economic viability? Do they reinforce or weaken the city-state's security complex vis-à-vis its 'vulnerability fetish'?

To answer these questions, the paper is divided into four sections. This introduction has provided the context through which Singapore's security-trade linkages will be examined. It has argued that against the backdrop of the deep-seated security complex caused by the 'vulnerability fetish', Singapore's geo-political and geo-economic viability becomes the primary referent of its security policies and strategies. Section 2 briefly examines Singapore's history in order to trace the root of its security complex that compels its leaders and policymakers to aggressively pursue FTAs on the one hand, and relentlessly build up military defence capabilities on the other. Section 3 examines how various types of FTA affect Singapore's chances of survival amidst the new and old forms of security threat in the twenty-first century.

The first part of section 3 examines Singapore's experience with regional and multilateral trade while the second part evaluates its bilateral trade relations specifically with respect to the United States and China.[4] Finally, section 4 summarizes the paper's key arguments and concludes that Singapore is actively engaging in multilevel free trade to enhance and preserve its viability as an independent nation-state by progressively linking its security interests with its multilateral, regional and bilateral FTAs.

2 The historical root of Singapore's paranoia

Singapore's unexpected bestowal of independence after its bitter separation from the Malaysian Federation in 1965 highlights the root of the city-state's profound security complex (Ganesan, 1998, 2005; Dhume, 2000; Dent, 2001). The former British colony had been granted home rule in 1959 but it was not until 1963 that it first achieved formal independence as part of the then Malaysian Federation. However, in a span of two years Singapore was ejected from the federation amid widespread tensions emanating from its political and ethno-religious differences with the rest of the country. In the aftermath of its new-found sovereignty, the People's Action Party (PAP) government found itself confronting a strong sense of vulnerability which resulted in what observers often refer to as siege mentality (Ganesan, 1998, 2005; Dent, 2001; Kamaludeen and Turner, 2014). Consequently, 'survival' has become a fear-mongering catchphrase that is routinely used for mobilizing public support. The Singaporean government is well aware of its limitations in carving out an independent future for the city-state given the absence of a contiguous hinterland.

Thus 'defence for survival' has become the underlying theme of PAP's security policy and strategy and has been persuasively implanted into the Singaporean psyche (Ganesan, 1998, 2005; Dent, 2001).

This underlying sense of defencelessness is further intensified by historical precedents for the long-term feasibility of city-states. Although the observed patterns indicate possible unification with an adjacent locality in order to establish a larger territory, Singapore's complicated history with Malaysia rules out any chance of reunification (Ganesan, 1998, 2005; Leifer, 2000; Acharya, 2008). In short, despite its lack of preparation due to its abrupt expulsion from Malaysia, Singapore has been forced to fend for itself. The result is a city-state that gravitates around the paramountcy of sovereignty, emphasizing the centrality of survival in the construction and implementation of its domestic and foreign policies. Ironically, this has also engendered a deep-rooted Singaporean security complex that has come to determine the city-state's national interests and objectives (Leifer, 2000; Dent, 2001, 2002; Ganesan, 2005). Singapore's former Foreign Minister Wong Kan Seng (cited in Acharya 2008: 16) provided a compelling explanation for the country's security complex:

> The vulnerability of a small state is a fact of life. Singapore's independent existence is today widely recognized. But to answer our basic security, we can never allow tests to our sovereignty and internal affairs, even when well intentioned, to go unchallenged. Even today we have had to occasionally remind other countries to leave us alone to be ourselves.

Clearly, the realist principles of sovereignty and territoriality have come to dominate Singapore's national security policy and strategy. In response, the city-state has progressively resorted to free trade agreements in order to secure its geo-economic and geo-political viability and, by doing so, has conveniently embedded itself at the heart of the global trade system. Therefore, preserving the general stability of the free trade environment – that is, the lifeblood of the republic – has become crucial to ensuring Singapore's survival in the twenty-first century.

3 Linking Singapore's Security Interests and Free Trade Objectives

The PAP government's concern for the geo-economic and geo-political viability of Singapore is based on an important factor that is virtually non-existent in the island-state: natural resources. Singapore is totally lacking in natural endowments except for its strategic location that happens to be at the centre of international shipping lanes and air traffic. Due to its inability to cover even some of its basic needs such as food and water, Singapore relies heavily on the efficient operation of the global economy, and its rather awkward relations with neighbouring Islamic Malay states. Taking all these factors into consideration – scarce natural resources, small market and aggressive neighbours – Singapore's survival is largely dependent on its capacity to conduct and participate in various economic dialogues and arrangements both internationally and regionally. Inevitably, the city-state is highly dependent on

external markets, foreign investment and international labour. Economic diplomacy, therefore, is a vital instrument for securing Singapore's geo-economic and geo-political interests by smoothing out some of the tensions that are encountered in a globalizing economy.

To do so, the PAP government exploits its limited but superior technocratic resources to help shape the global economic system underpinning Singapore's security interests. The country's top officials and policymakers vigorously promote a multilevel approach to economic diplomacy by simultaneously pursuing bilateral, regional and multilateral trade, which helps enhance its geo-economic and geo-political relations with other states. This implies the need for balancing the regional and international dimensions of Singapore's foreign economic policy by exploiting the existing Southeast Asian economic cooperation, while also positioning itself at the intersection of the international economy (Ganesan, 1998, 2005, 2010; Leifer, 2000; Acharya, 2008).

Crucial to this task is the adoption of a 'distant horizon' approach to policymaking that emphasizes the significance of long-term transformative economic ventures such as the pursuit of a knowledge-based economy (Leifer, 200; Dent, 2002; Ganesan, 2005, 2010; Acharya, 2008) However, in adopting this approach, Singapore has become extremely dependent upon multinational and transnational corporations both for capital and technology. Such dependence has, in turn, led to the country's 'semi-peripheral' status in the international community (Ho and So, 1997; O'Brien et al., 2000; Dent, 2002; Loy, 2013). As a newly industrialized economy, Singapore belongs neither to the 'core' of developed countries nor to the 'periphery' of developing and least developed states. The uncertainties associated with being a semi-peripheral state contribute to Singapore's deep security complex (O'Brien *et al.*, 2000; Dent, 2001, 2002). Hence, while both dimensions of Singapore's foreign economic policy are meant to be mutually reinforcing, nevertheless in some instances they generate conflicting effects.

Accordingly, the Singaporean government not only adheres to the principles of free trade but also vigorously promotes it to the objects of its economic diplomacy. As mentioned, the PAP government pursues multilevel free trade in an effort to enhance and preserve Singapore's relative security by ensuring the benignity and stability of the environment in which the city-state is embedded. In this way, PAP leaders and policymakers hope to secure Singapore's geo-economic interests while simultaneously reducing its geo-political insecurities. As stated in Singapore's Trade Policy Review for 2012:

> Singapore's trade policy goals are to: expand the international economic space for Singapore-based companies; seek a fair and predictable international trading environment; and minimize impediments to the flow of imports. It seeks to achieve these goals by engaging with its trading partners multilaterally, regionally, and bilaterally. The authorities affirmed that the multilateral framework of the WTO remains the bedrock of Singapore's trade policy. (p. 11)

3.1. Security–Trade Linkages at Regional and Multilateral Levels

At the regional level, Singapore has actively participated in the establishment and implementation of the ASEAN Free Trade Area (AFTA) that accounts for more than 30% of its total exports. Along with other Southeast Asian countries, Singapore is currently working toward the realization of the ASEAN Community by 2015. The end goal being the creation of a 'single market and production base, in which there is a free flow of goods, services, investments, and skilled labour, and a freer flow of capital, along with equitable economic development, and reduced poverty and socio-economic disparities'.[5] In 2011, Singapore alongside other ASEAN members has agreed on a Framework on Regional Comprehensive Economic Partnership (RCEP). The framework is designed to formulate a single FTA by consolidating and improving upon ASEAN FTAs with third countries.[6] As of 2014, ASEAN has concluded five bilateral FTAs involving six countries, namely, Australia, New Zealand, India, Japan, South Korea and China (Asian Development Bank, 2014). Similarly, it has staunchly supported the trade liberalization agenda set forth by members of Asia-Pacific Economic Cooperation (APEC) that are committed to the development of free trade and investment zone across the Asia-Pacific by 2020.

The Singaporean government, however, views Asian regionalism as being more reactive than proactive as well as more defensive than offensive. Not surprisingly, Singapore has gained a more positive profile at the global than at the regional level where the political sensitivity of small regional powers – Indonesia and Malaysia – prevails (Leifer, 2000; Low, 2005; Ganesan, 2005). Asian regionalism thus becomes a very cautious and slow process that relies on several crucial factors including: (i) how European integration vis-à-vis western hemispherism works out; (ii) how the leadership between rising Chinese power and waning Japanese influence is balanced; (iii) how power-sharing among ASEAN members is managed; and (iv) how the left-over stimulus of the old flying-geese model is applied (Low, 2005). The fact that Singapore's bilateral FTAs were created prior to the ASEAN Plus Three (APT) reflects the complexity involved in negotiating regional economic agreements.

As free trade has come into vogue, the regional vis-à-vis global landscape within which states operate to pursue their national interests has shifted (Low, 2005; Thompson, 2006). Accordingly, the International Enterprise Singapore (formerly Trade Development Board) has launched trade missions outside the Asia-Pacific region to cover the emerging markets of Africa, Latin America, Central Asia, Latin America, Central and Eastern Europe and the Middle East. Although these developing export markets at present provide insignificant commercial value to Singapore, nevertheless they highlight the city-state's 'distant horizon' approach to foreign economic policymaking that is necessary for maintaining its wider global scope (Dent, 2001, 2002; Low, 2005; Lee, 2013). The main priority remains economic integration as a means to reduce Singapore's multi-pronged insecurities, thereby improving the city-state's defence and survival.

To maintain its broad international latitude, Singaporean authorities strongly support the multilateral trade system under the purview of the World Trade Organization (WTO). In December 1996 the country hosted the WTO's First Ministerial Meeting which was a clear manifestation of the government's subscription to the idea of multilateralism (Dent, 2001; Low, 2005; Khor, 2007). Since then, Singapore has taken a lead role along with other like-minded members in preparing the launch of the Doha Round and the post-Doha negotiating process to keep the momentum of multilateral trade. There is a consensus among foreign economic policymakers in Singapore that a WTO-led free trade arrangement remains the most effective trade policy for the city-state (Dent, 2001, 2002; Liang, 2005; Chong, 2007; Khor, 2007). As such, the Singaporean government follows the bicycle analogy of multilateral trade negotiation: if you don't continue to make forward progress then you are in danger of falling off. In other words, momentum must be sustained in order prevent the complete collapse of the multilateral trade order. Therefore, Singapore has vehemently promoted the 'New Millennium Round' within the WTO (Dent, 2001, 2002; Liang, 2005; Chong, 2007; Khor, 2007).

However, its aborted launch at the Seattle Ministerial Meeting in December 1999 highlighted the systemic weakness of the multilateral system and became a source of great concern among Singaporean technocrats and policymakers.[7] Furthermore, the twin problems of complex multilateralism and global social movements (GSM) have posed potential threats to Singapore's sense of economic security given its relatively state-centric and elitist approach to policymaking (O'Brien *et al.*, 2000). The proposed incorporation of highly sensitive trade issues including labour, environment and human rights into the WTO agenda, and civil society pressure on the WTO's institutional foundation and legitimacy have generated destabilizing effects for the multilateral trade system (Smith, 2004; Steger, 2007; Gallagher, 2008; Jackson, 2008; Wolfe, 2004).

But due to its semi-peripheral status, Singapore is struggling to reconcile the concerns it shares with developing countries regarding these issues with its intensifying relations with fellow developed countries, most of which are staunch promoters of these linkages (Low, 2005; Sally, 2004; Dent, 2001, 2002, 2006; Khor, 2007). Thus, it is a puzzle for some leaders of the developed states to witness Singapore's refusal to endorse a more sophisticated multilateral trade agenda that allows for the incorporation of non-traditional trade policy issues given the city-state's commonalities with other core powers (Dent, 2001, 2002, 2006; Lee, 2013). Although it acknowledges the general stance of core members with regard to these issues, nonetheless it also shares the qualms of peripheral members that view such issue linkages in the WTO as inherently problematic.

These value-laden trade policies can exacerbate the existing divisions among WTO members and further disrupt the advancement of free trade itself. As argued by one official from Singapore's Ministry of Manpower (cited in Dent 2002: 161):

> Together with other ASEAN members, we have argued strongly against any trade–labour linkage as we are concerned that such linkage is likely to be used for protectionist

> purposes detrimental to the causes of both trade liberalization and global economic growth.

Hence, instead of advocating a stringent 'regulationist' approach to these issue linkages – for example, trade–labour, trade–environment and trade–human rights to name a few – Singapore has favoured a plurilateral method through voluntary compliance with higher standards and stricter regulations set by members that are willing to undertake them (Dent, 2001, 2002, 2006; Low, 2005; Khor, 2007). By doing so, Singapore is not completely extricating itself from complex multilateralism but is exploring other possible alternatives for maintaining the cohesion and stability of the multilateral trade system amid a transitory stage in WTO governance.

The Trans-Pacific Partnership Agreement (TPP) is arguably the most high profile among these alternatives not only for Singapore but the rest of the Asia-Pacific region. Ann Capling and John Ravenhill (2011) cite four main reasons for this. First, the TPP is a trans-regional agreement that attempts to link countries in four different corners of the Asia-Pacific – Southeast Asia, Oceania, and North and South America.[8] Second, the agreement is also viewed as an important tool for ensuring the continued interest and involvement of the United States in the Western Pacific rim, and conversely for Washington, 'as a means of signalling the return of the US to the region under the Obama administration' (Capling and Ravenhill, 2011: 558). Third, the TPP, according to Capling and Ravenhill (2011: 559) also aspires to be a '21st century agreement' by addressing domestic regulatory policies that influence trade and investment, and thus goes beyond traditional market access negotiations (see also Kawharu, 2012; Naoi and Urata, 2013). Lastly, the agreement is expected to 'multilateralize regionalism' by untangling the noodle bowl, being open to future accessions and providing a foundation to the long-term APEC goal of freeing trade among its members (Capling and Ravenhill 2011: 559). While there are substantial differences between the negotiating priorities of the current participants, the strong commitment being shown by the PAP government in the TPP negotiations despite the limited economic gains that it expects from the agreement highlights the role of security interests as drivers of Singaporean FTAs. As Capling and Ravenhill (2011) postulate, the anticipated forward momentum in the TPP negotiations will create incentives for non-participants to eventually join, thus making it a more crucial strategic as well as economic accord.

At the time of writing, however, the TPP is a huge work in progress. As some observers have noted, governments in many of the participating countries seem to be much more interested about the proposed accord than are local interest groups (Kawharu, 2012; Capling and Ravenhill, 2011; Naoi and Urata, 2013). The complications arising from convoluted rules of origin (ROOs) prevent domestic businesses from fully utilizing the existing agreements. Consequently, in many countries, protectionist groups are effectively stifling some members of the pro-liberalization business lobby (Naoi and Urata, 2013). Hence, while the TPP has become a key component of the United States' rehabilitated resolve to engage with the Asia-Pacific, nonetheless the relatively small size of the participating economies

significantly curtails its expected economic as well as politico-strategic utility (Caplan and Ravenhill, 2011).

3.2. Security–Trade Linkages at the Bilateral Level

For some observers, the failure of the WTO to conclude the current Doha Development Agenda highlights the growing cynicism and disenchantment on the part of the developing members (Smith, 2004; Steger, 2007; Gallagher, 2008; Jackson, 2008; Wolfe, 2008). One of the most highly contested issues confronting the institution aside from classical economic considerations relates to the incorporation of non-traditional security issues into the multilateral trade agenda (Khor, 2007; Aggarwal and Govella, 2013). The balancing of diverse and often conflicting national interests being pursued by all members has proved to be one of the biggest stumbling blocks in moving forward with the new multilateral negotiation rounds. On the one hand, most of the developed members argue for the annexation of non-trade issues pertaining to human security such as environment, labour and human rights (Aggarwal and Govella, 2013; Ahnlid, 2013; Vogel, 2013; Yamada, 2013). On the other hand, developing members fiercely advocate improved market access to the highly protected labour-intensive industries of the developed world, specifically in the agricultural and textile sectors in which they have the comparative advantage (Aggarwal and Govella, 2013; Ahnlid, 2013; Vogel, 2013; Yamada, 2013). Such tension significantly contributed to what Christopher Dent (2006) refers to as 'WTO inertia'.

The current trade impasse being experienced both in the WTO and APEC has compelled Singapore to exploit the growing trend of bilateral FTAs particularly within the Asia-Pacific region. As of 2014, the Singaporean government has already signed and implemented 13 bilateral FTAs encompassing 20 countries located on various continents.[9] The main rationale is to increase the thrust for trade liberalization processes in APEC and ASEAN, and at the same time establish a vital safety net in case the process deteriorates further (Dent, 2006; Kawai and Wignaraja, 2010; Koo, 2013; Ravenhill, 2013; Hamanaka, 2014).

Interestingly, the city-state's small size has, in a sense, become an economic advantage given the nominal costs and minor challenges that it poses for its bilateral partners. Singapore has served as a litmus test for other Asian countries that are actively conducting bilateral FTA negotiations with larger and more challenging partners. In other words, the country's bilateral FTAs have been instrumental in 'stirring the pot' and exploring new frontiers for the region's next phase of growth in light of the changes precipitated by globalization (Dent, 2001, 2002, 2006; Low, 2005). As such, Singapore is not the only country that is being forced to react to the systemic threats and opportunities that are simultaneously being generated by globalization.

Some critics have argued that the continuous proliferation of bilateral FTAs – regional and/or trans-regional – may prove detrimental in the long run due to their propensity to side track the multilateral (WTO) and regional (APEC and ASEAN)

channels of free trade, thus further aggravating the intrinsic flaws of both approaches (Bhagwati, 2003, 2008; Plummer *et al*., 2010). However, the geo-economic and geo-political utilities of bilateral FTAs in the twenty-first century cannot be denied, particularly when the WTO process is currently malfunctioning and is in disarray irrespective of the former's precise impact on multilateralism. Such observation is especially true for a realist-cum-trading state like Singapore. The following subsections explore Singapore's attempts at linking its security interests with bilateral FTA specifically with respect to the United States and China. Short discussions on the Korea-United States FTA (KORUS); the Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP); and Japan-Singapore 'New Age' Economic Partnership Agreement (JSEPA) have also been provided to further emphasize some of the most crucial points in the paper.

The United States –Singapore Free Trade Agreement (USSFTA)

The United States–Singapore Free Trade Agreement (USSFTA) is the product of crisscrossing interests between two states attempting to implant security elements within their trade relations.[10] In 2005 the Bush administration began a campaign to link security and trade issues in various platforms including the ASEAN, ASEAN Regional Forum (ARF) and APEC. Unlike other bilateral FTAs, the USSFTA goes beyond traditional economic considerations by annexing the sensitive issue of security relations between the two countries in the agreement. This is supported by the observation that the common motivations that drive the formation of a bilateral FTA – reducing effective tariff rates, abolishing non-trade barriers, and gaining reciprocal access to each other's goods, services and final markets – do not exactly apply (Pang, 2007, 2011; Aggarwal, 2013). In fact, both the United States and Singapore have had the lowest tariff rates among all trading states with the latter being the freest entrepôt in the world.[11] Both countries continue to back the multilateral trade liberalization of the WTO, but at the same time consider bilateral FTAs as complementary building blocks for the eventual realization of a single global market (Pang, 2007, 2011; Aggarwal, 2013).

With respect to growth prospects, Singapore – an economy of US$274.7 billion GDP and a total population of 5 million – offers both public and private firms limited space for further market expansion. Going global, therefore, is not merely an option but the only way to ensure Singapore's continued survival. Hence, while the USSFTA makes little economic sense for American policymakers given the asymmetric opportunities that are expected to go to Singapore, nevertheless, for Singaporean policymakers, the FTA provides the best strategic hinterland (Koh and Chang, 2004; Aggarwal, 2013). This is further highlighted by the fact that the market access it created for the city-state is greater than the aggregate market access provided by all major ASEAN economies (Koh and Chang, 2004; Pang, 2007, 2011).

Meanwhile, from the American side, FTAs serve as political rewards for states that are supportive of US foreign economic and security policies. Examples of these are the United States–Israel Free Trade Agreement (USIFTA) signed in 1985, and the

United States–Jordan Free Trade Agreement (USJFTA) signed in 2000. While the latter is the first FTA that the US has ever ratified and implemented with an Arab country, the USSFTA is the first of its kind with an Asian country. This was largely in recognition of the Singaporean government's decision to grant the United States access to its military bases after the latter's naval and air stations in the Philippines were shut down in 1991 (Pang, 2007, 2011; Aggarwal, 2013). Hence, the United States has secured a strategic base that enabled the execution of its foreign economic and security policies across the Asia- Pacific region (Higgott, 2003; Aggarwal, 2013; Lee, 2013).

Once the negotiations for the USSFTA were concluded in May 2003, former US President George W. Bush Jr. made a visit to Singapore to sign a strategic partnership framework agreement in October of the same year. This paved the way for the bilateral linking of security interests and free trade objectives between the two countries which took effect on 1 January 2004. The agreement was an upshot of the Bush administration's two-pronged foreign policy strategy that was implemented shortly after the 11 September 2001 events. It gave the United States: (i) the right to unilaterally strike suspected states or territories that provide sanctuary to terrorists within the context of preventive or pre-emptive war doctrine; and (ii) the mechanism for binding trade policies to broader political, economic and security aims (Jervis, 2003; Monten, 2005; Kaufman, 2007). To complement this strategy the US Congress established the Trade Promotion Authority in 2002 that gave the Bush administration the power to formulate, negotiate and conclude preferential FTAs on a fast-track basis.[12] The goal was to intensify American free trade through the bilateral instead of the multilateral route.

In July 2005, it was Lee's turn to visit Washington to sign the Strategic Framework Agreement for a Closer Cooperation Partnership in Defence and Security (SFA) with Bush.[13] The fact that the said agreement took two years to be concluded indicates that the negotiations may not have been very straightforward. The agreement has two main components: (i) a Defence Cooperation Agreement (DCA) incorporating all standing bilateral defence cooperation and opening new areas of collaboration, specifically the development of military expertise and defence capabilities to address a broad range of non-traditional security threats; and (ii) a Protocol of Amendment to the 1990 Memorandum of Understanding (AMOU) to extend access for American ships and aircraft to facilities located in Singapore. The event has, therefore, formally embedded their respective security imperatives into the existing trade relations between them. Both heads of state agreed that it was the logical follow-up to the FTA.

Interestingly, despite Singapore's rather secretive nature, the government hurriedly announced this 'more than economics' accord with the US. It specifically highlighted the agreement's security-related components including greater military technology transfers; intensified joint R& D activities; and closer collaboration between the two states' armed forces (Pang, 2007, 2011). Lee was very optimistic about the positive role of the United States in maintaining security and stability in the region 'as it has done for many years' (cited in Pang, 2007: 21). During the 2005 APEC meeting held

in Pusan, South Korea, Lee even alluded to the 'Asianness' of the United States considering the proximity of its westward territory, Guam, to Japan and New Guinea (Pang, 2007). In response, Bush reiterated that the FTA would be the basis for the bilateral security cooperation necessary for defeating terrorism in Southeast Asia and stopping the proliferation of weapons of mass destruction (Pang, 2007).

In addition, the United States also shares with Singapore some of the biggest security concerns in Asia-Pacific, such as: protection of the channel through the Malacca and Singapore Straits; freedom of navigation across the South China Sea; tension brought about by nuclear proliferation in the Korean peninsula; and the volatility of cross-strait relations between China and Taiwan (Schott, 2004; Aggarwal, 2013). Thus, the Singaporean government views its bilateral FTA with the US as a means to bolster American strategic engagement in the region.

Evidently, the military and security collaboration schemes seem to be reinforcing the United States' initiatives in the war on terrorism, and at the same time the two partners' preference for interlacing security issues with free trade. The events of 9/11 provided the impetus for consolidating the cohabitation of security and trade into the neo-conservative foreign and defence policies of the United States which the city-state has fully embraced, particularly during the Bush administration. A classic example is Singapore's decision to send a military contingent to Iraq and provide a strategic staging ground for the American military operations against the 'axis of evil ' that began in 2003 (Higgott, 2003; Schott, 2004; Aggarwal, 2013). In this sense, the war in Iraq has served as a litmus test for screening America's prospective FTA partners in the Asia-Pacific – one that Singapore has successfully passed.

Hence, for the most part, Singapore's top leaders and policymakers adhere to the same security concept and strategy as promoted by their American counterparts. In fact, since gaining independence, Singapore has reserved its right to pre-emptive strikes in the hope of effectively deterring latent and imminent security threats (Leifer, 2000; Ganesan, 2005; Acharya, 2008). Both governments believe in the deterrence capability generated by strong, mobile and lethal state force. The two countries also conduct annual joint air, naval and military exercises in the South China Sea (Koh and Chang, 2004; Pang, 2007, 2011). Such activities have enabled collaboration between the two governments in Afghanistan and Iraq as well as deployment of superior naval force to fight maritime piracy in Southeast Asia that costs some US$25 billion annually (Pang, 2007, 2011; Aggarwal and Govella, 2013; Lee, 2013). Clearly, these security linkages have performed a vital role in broadening the content and scope of Singapore's bilateral FTA with the United States and has enabled the city-state to enhance its bilateral defence collaboration with the world's reigning superpower. Against the backdrop of the rapidly transforming Asian security environment, the two countries share a common understanding about the utility of coordinating security policies via FTAs.

To this extent, the USSFTA offers a template for all other US–Asian bilateral FTAs that might be negotiated and implemented in the future. One other good example is the Korea–United States (KORUS) FTA which took effect in 2012. President Roh

Moo-Hyun's government argues that the KORUS FTA has huge potential for enhancing not only economic ties but also security and diplomatic relations between Seoul and Washington (Lee, 2013). Given the current East Asian geo-economic and geo-political conditions – North Korea's precarious nuclear adventurism, China's double-edged growth and Japan's military normalization – South Korea does not really have much option than to further solidify its ties with the United States (Lee, 2013). And as far as the Roh government is concerned FTAs are effective tools for securing South Korea's primary strategic goal – the survival of the nation. Hence, similar to the USSFTA, the KORUS FTA vividly demonstrates the linking of security interests with free trade objectives. Aside from the USSFTA and USKFTA, the United States is also currently negotiating bilateral FTAs with other ASEAN countries such as Malaysia and Thailand, while engaging in preliminary talks with Vietnam, the Philippines and Taiwan (Asian Development Bank, 2014; WTO, 2014).

But while the USSFTA highlights the complementarity of Singapore's geo-economic and geo-political interests with the core goals of the United States, the China–Singapore Free Trade Agreement (CSFTA) presents quite a different narrative.

China–Singapore Free Trade Agreement (CSFTA)

Singapore's pragmatic approach to foreign policy naturally compels it to balance against China along with other smaller and weaker states in the region even as it attempts to interlock China in all aspects of bilateral relations – economically, politically and culturally. Put differently, the city-state's bilateral strategy with respect to China is determined by its economic dynamism, demographic features and geo-political setting: a tiny, wealthy and predominantly Chinese country stuck between the two large Islamic states of Indonesia and Malaysia, both of whose relations with China are influenced by a myriad of complexities. Nevertheless, the physical distance between Singapore and China provides the former greater 'balancing latitude' compared to its other Asian neighbours that are living in much closer proximity to the latter. Thus, while some Southeast Asian countries such as the Philippines and Vietnam balance against China because they must, Singapore balances because it can, and that is partly due to the relative autonomy afforded by the physical distance between them (Leifer, 2000; Goh, 2005; Tan, 2009, 2012). In short, the Singaporean government simultaneously pursues economic bandwagoning and security balancing with China. As Kuik Cheng-Chwee (2008: 11) puts it, 'the peculiarity of Singapore's China policy is that it is by design an ambivalent one: warm in economic and diplomatic ties but distanced in political and strategic spheres'.

It is arguably this paradoxical yet pragmatic feature of Singaporean foreign policy that informs the city-state's strategic relations with China. The great extent of China's power and influence in Asia cannot be simply disregarded or repudiated by its significantly smaller and weaker counterparts in the region, not least Singapore. Similarly, no amount of remonstration regarding China's continuing ascent can reassure Singapore about the nature of future Chinese motives, especially when China's phenomenal growth begins to inconvenience other countries. Thus,

Singapore's balancing or as what some scholars refer to as 'hedging' strategy with respect to China is designed to be pragmatic and to prevent its extreme dependence on, and lopsided investment in one major power (Goh, 2005; Kuik, 2008; Tan, 2009, 2012).

However, some observers argue that the city-state's decision to sign a bilateral FTA with the US, along with the subsequent strategic framework agreement, has to do more with proliferation of non-traditional security threats, particularly global terrorism, than with rising Chinese power (Tan and Ramakrishna, 2004; Kuik, 2008; Tan, 2009, 2012). The absence of territorial dispute between Singapore and China is one indication that the latter does not pose direct military threats to the former. Hence, from the perspective of Singaporean policymakers, the issue of terrorism takes precedence over the issue of rising China as it is perceived as an indirect challenge to the island-state. Nevertheless, being the typical 'anticipatory state', the Singaporean government is worried about what an intensifying Chinese military power could mean to the city-state and the whole Asia-Pacific in the longer run (Ganesan, 2005; Acharya, 2008; Kuik, 2008). Consequently, the country's top leaders attempt to involve the United States in various Asia-Pacific affairs to establish the countervailing force that can balance China. By doing so, Singapore hopes that regional peace and stability can be maintained. As Goh (cited in Tan, 2009: 37) noted:

> China is conscious that it needs to be seen as a responsible power and has taken pains to cultivate this image. This is comforting to regional countries. Nevertheless, many in the region would feel more assured if East Asia remains in balance as China grows. In fact, maintaining balance is the overarching strategic objective in East Asia currently, and only with the help of the US can East Asia achieve this.

Given the ambivalence surrounding China's politico-strategic motives and future conduct, developing contingency measures or 'Plan Bs' has become a crucial aspect of Singaporean foreign policy. China's future intent and capacity if left unchecked may undermine regional prosperity and stability, limit Singapore's available policy options and engender internal conflicts and divisions among ASEAN members that will weaken the organization's overall cohesion (Kuik, 2008; Acharya, 2008; Tan, 2009, 2012). For obvious reasons, such concerns are anathema to a trading state like Singapore. Nevertheless, on 3 September 2008 the China–Singapore Free Trade Agreement was signed after eight rounds of negotiations held for two years in both Singapore and Beijing.[14] The CSFTA became the first comprehensive bilateral FTA that China has signed with another Asian country and it entered into force on 1 January 2009. There is little doubt that commercial considerations have played a crucial part in Singapore's persistent economic engagement of China. For Singapore, economic engagement has been a key strategy for transforming itself into a regional trading hub or nodal point that buttresses the growth and development of economic activities by advanced, industrialized countries (Leifer, 2000; Ganesan, 2005, 2010; Acharya, 2008).

The CSFTA, therefore, can be viewed as the logical outcome of a long-standing Sino-Singapore relationship that dates back to the 1960s, and all through the 1980s,

where, in the absence of diplomatic connections, the city-state has vigorously promoted bilateral economic engagement. Since then, trade between Singapore and China has steadily grown. China is currently Singapore's largest trading partner in terms of both exports and imports; whereas Singapore is China's 14th largest exporting and 12th largest importing country (WTO, 2012). Yet despite having complementary markets, Singaporean firms and enterprises still have to compete with the enormous pool of cheap Chinese labour. To counter this problem, Singapore has recalibrated and retrained its labour force in order to reduce its dependence on the manufacturing sector while expanding its service sector (Tan, 2009). The idea is to develop strategic niche markets for itself in China by concentrating on areas where it has a competitive advantage and promoting the city-state's reliable business brand. In doing so, Singapore is being compelled to explore economic areas that are unfamiliar to the Chinese to avoid head-to-head competition with China in which it would inevitably lose. Another vital issue for Singapore as well as other Southeast Asian states is the tight competition for foreign direct investments (FDIs). But, as some observers have argued, the threat of FDI competition has been largely overstated given that these ASEAN members, with the inclusion of Singapore, have benefited from economically engaging China (Chia, 2005; Tan, 2009; Ganesan, 2010). Such incompatibilities have underscored the limits to bilateral economic cooperation between Singapore and China despite having a shared culture and relatively close ethnic bond.

Singapore's ambivalent attitude toward China has been demonstrated on several occasions. One of these was when Prime Minister Lee Hsien Loong, who at that time was still a deputy prime minister, visited Taipei in July 2004. Some observers have argued that Lee had grossly overestimated the level of pragmatism in China (Ganesan, 2005, 2010; Acharya, 2008). Despite a previous agreement between Singaporean and Chinese officials that 'private visits' to Taiwan would not destabilize their bilateral relations, Lee's most recent trip to the island was met with unusually strong condemnation from the PRC. One of the main reasons was that Chen Shui-bian, the president at the time of Lee's visit to ROC, was the former head of a pro-independence party called the Democratic Progressive Party (DPP). To avoid further escalation of the crisis, Singapore quickly expressed its deference to China by repeatedly stressing its recognition of, and support for Beijing's One-China policy with respect to Taiwan (Ganesan, 2005; Tan, 2009).

Prior to this incident, in September 2002, Taiwan urged China not to interfere with its plan to establish a bilateral FTA with Singapore. The call was made amid allegations that China's trade minister had warned his Singaporean counterpart to abandon all plans for pursuing a free trade deal with ROC as it would inevitably enrage Beijing. To be sure, the struggle to negotiate and conclude a bilateral FTA between Singapore and Taiwan continued for a considerable period of time. In March 2008, a few months after his election as president of Taiwan, Ma Ying-jeou of the Kuomintang Party (KMT), had suggested the reopening of bilateral dialogue to assess the feasibility of forming an exclusive FTA with Singapore (Dent, 2006; Magcamit

and Tan, 2014). The city-state's reply was again one of deference and compliance, stating that it would only be willing to do so if Taipei abstained from politicizing the agreement (Dent, 2006; Magcamit and Tan, 2014).

On 7 November 2013 – in what some analysts view as Taiwan's emergence onto the global diplomatic stage – the bilateral FTA between Singapore and Taiwan was finally concluded. The pact – officially known as the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) – was signed by the Taiwanese representative to Singapore Fadah Hsieh and the Singaporean trade representative to Taiwan Calvin Eu at a ceremony held in Singapore. Singapore's Minister for Trade and Industry, Lim Hng Kiang, was cautious with his comments about the agreement, noting that: 'Companies from both sides are already actively pursuing business opportunities in each other's economies. The agreement will further enhance and deepen trade and investment flows between both sides' (Hsu and Poon 2013). As for China's position regarding the issue, its Foreign Ministry spokesman Hong Lei had this to say: 'Our position on Taiwan's foreign interactions remains consistent and clear … We hope Singapore could abide by the one-China policy and deal with its economic ties with Taiwan in a prudent and proper manner' (Hsu and Poon 2013).

These experiences underline the profound pragmatism of Singapore's policy with respect to China. In fact, Singapore's decision to vote in favour of China's accession – in lieu of Taiwan – to the United Nations in 1971 despite its long-standing battle against Chinese-enthused communist rebellion was driven by pragmatic rather than ideological motivations (Leifer, 2000; Acharya, 2008; Ganesan, 2005). Nevertheless, the policy shift has not totally prevented Singapore from exploring new economic opportunities, and establishing healthy albeit unofficial political relations with Taiwan. This observation is strongly supported by the successful conclusion of the ASTEP, considered by some as 'a precarious feat of diplomacy by any stretch of imagination' (Tan, 2009: 39). To a certain extent, such strategic engagement with the Taiwanese government demonstrates Singapore's strength of resolve to act independently in its own interest (Magcamit and Tan, 2014). This is despite the city-state's 'norm' of deferring to Beijing in an effort to stabilize Sino-Singapore diplomatic relations.

Singapore's ability to act independently from China should not come as a complete surprise given that the first major bilateral FTA ever formed in East Asia was between the island-state and Japan; it was called the Japan–Singapore 'New Age' Economic Partnership Agreement (JSEPA) and took effect in January 2002.[15] The intensifying strategic competition between Japan and China has, to a large extent, driven the security–trade linking approach in the Asia-Pacific. Yet due to some crucial security considerations, China and Japan are being prevented from signing a bilateral FTA with each other, thus thwarting the creation of an East Asian FTA (Aggarwal and Govella, 2013; Lee, 2013). As a result, the two regional powers compete to attract potential FTA partners particularly in the Southeast Asian region in the hope of improving their status as the primary regional power. However, China's highly

centralized policymaking has enabled Chinese leaders and policymakers to stay ahead of Japan in this race. Beijing's serious efforts in maintaining its FTA with ASEAN may be viewed not only as a strategy to contain the escalating unease being felt by some Southeast Asian leaders toward China but also to undermine Japan's regional leadership role by placing it on the defensive diplomatically (Lee, 2013). The Sino-Japanese rivalry has engendered a strategic externality that can potentially enhance the economic and security levels not only of Singapore but the whole Southeast Asian region by allowing them to strike more favourable deals (Mochizuki, 2009; Lee, 2013). From here, the ASEAN region may eventually emerge as an important hub in the Asia-Pacific FTA network, a prospect that Singapore is all too willing to embrace.

4 Summary and Conclusions

For a small, pragmatic state like Singapore, the means to survival is through economic growth via free trade vis-à-vis its other complementary neoliberal economic policies. As argued in the paper, free trade serves as a vital strategy for enhancing Singapore's geo-economic and geo-political viability in the twenty-first century. Maintaining a high-level market access is a major concern for Singapore given its disproportionate dependence on foreign markets to maintain a sustainable level of economic prosperity. Blocking the country's entry to key international markets will obliterate its export-oriented, entrepôt-operating economy. Thus, the Singaporean government not only adheres to the principles of free trade but also strongly promotes it to the targets of its economic diplomacy.

Consequently, Singapore's key foreign economic policies – specifically those concerning FTAs– are designed to alleviate the country's multifaceted insecurities that are engendered by its security complex. The roots of this security complex can be traced back to the earliest phases of Singapore's nation-building process, which to a large extent has been exacerbated and maintained by the PAP regime as an instrument for legitimizing its political perpetuity (Leifer, 2000; Ganesan, 1998, 2005; Acharya, 2008). Naturally, the government's pursuit of economic prosperity has become replete with security undertones given the siege mentality and 'vulnerability fetish' enveloping the island-state. As a result, the Singaporean government has constantly emphasized robust economic performance as the cornerstone of national security. To this extent, economic security concerns may be viewed as the upshot of Singaporean leaders' high-level security cognizance.

As discussed throughout the paper, security considerations have been deeply inculcated into Singapore's free trade strategies. Given its near zero tariff rates across the board, the economic gains that can be expected from further trade liberalization of Singapore are limited. Yet due to its preoccupation with survival, the city-state has attempted to bolster its economic interdependence with various countries, both big and small, to reduce its insecurity by linking its security interests and free trade objectives. Such strategy has gone into two directions: intra-regional and trans-regional.

On the one hand, Singapore has courted the regional powers – specifically China and Japan – to deflect the security threats being posed occasionally by its relatively large Islamic neighbours. This is despite initial antagonism faced by the island-state from other ASEAN members which argued that bilateral FTAs prevent them from reaching the goal of creating an ASEAN Community (Koo, 2013; Lee, 2013). On the other hand, Singapore has also been very active in forging bilateral trade relations with great powers outside the East and Southeast Asian regions. The main rationale behind this has to do with China's rise as a global power. Notwithstanding Beijing's assurances about the benignity of anticipated Chinese 'hegemony' in the near future, Singaporean leaders and policymakers are still uncertain about China's real intentions in the region. Hence, Singapore has aggressively negotiated bilateral FTAs with trans-regional powers, specifically the United States. From Singapore's viewpoint, a strong US military presence will strengthen Washington's security commitments in the Asia-Pacific amid heightened regional tension which happens to coincide with China's re-emergence in the international political scene. And by doing so, the Singaporean government has effectively interwoven the goal of national security with the goal of 'reinforcing a nation's cohesion, regime legitimacy and world prestige through economic prosperity' (Lee, cited in Dent 2001: 6).

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Notes

[1] Vadaketh (2014) defines the term 'vulnerability fetish' as the belief that 'Singapore is a small, vulnerable nation that must do all it can to defend and protect itself against potentially hostile Muslim neighbours'.

[2] See, Singapore's Total Defence website, available online at: http://www.mindef.gov.sg/imindef/mindef_websites/topics/totaldefence/home.html

[3] See, Singapore's Department of Statistics, available online at: http://www.singstat.gov.sg/statistics/browse_by_theme/population.html

[4] As of November 2014, Singapore has signed and implemented bilateral FTAs with 12 different countries. These are: Australia, China, Costa Rica, India, Japan, Jordan, New Zealand, Panama, Peru, South Korea, Taiwan and the United States. While added evidence for the argument being made may be gleaned from the discussion of similar security provisions in Singapore's FTAs with the other 10 countries mentioned, due to the paper's limitations, the primary focus is on Singapore's bilateral FTA with the United States and

China. One of the main reasons for this relates to their key roles in the conduct of free trade and security dialogues at both global and regional levels in the twenty-first century. In addition, the author believes that through an in-depth analysis of the US–Singapore FTA (USSFTA) and the China–Singapore FTA (CSFTA), the paper is able to articulate the dynamics and rationales behind Singapore's security–trade linkages more clearly and precisely. Nevertheless, brief discussions on the possible security implications of other bilateral FTAs with countries aside from the United States and China have also been provided to further highlight some of the central arguments of the paper. These are: the Korea–United States (KORUS) FTA; the Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP); and the Japan–Singapore 'New Age' Economic Partnership Agreement (JSEPA).

[5] See, ASEAN Economic Community website, available online at: http://www.asean.org/communities/aseaneconomic-community.

[6] See, full ASEAN RCEP document, available online at: http://www.asean.org/news/item/asean-framework-forregional-comprehensive-economic-partnership.

[7] The 'millennium round' finally culminated in the successful launch of the Doha Round in November 2001. However, since 2008 negotiations have stalled over differences with respect to some major issues, including agriculture, industrial tariffs and non-tariff barriers, services and trade remedies. In July 2008, negotiations collapsed after failing to reach a compromise on agricultural import rules. This prompted then director-general Pascal Lamy to ask the members to reflect on the possible 'consequences of abandoning ten years of multilateral work. On 7 December 2013, the Bali Ministerial Declaration was adopted by WTO members that signalled the successful resolution of issues concerning bureaucratic barriers to commerce. As of January 2014, the future of the Doha Round remains uncertain.

[8] The following are the list of initial participants in the TPP negotiations: Brunei, Malaysia, Singapore and Vietnam (Southeast Asia); Australia and New Zealand (Oceania); Chile and Peru (South America); and the United States (North America). Note that these nine countries are also current members of APEC.

[9] See ADB's Asia Regional Integration Centre website: http://aric.adb.org/fta-country.

[10] For the full USSFTA document, see Office of the United States Trade Representative website: http://www.ustr.gov/trade-agreements/free-trade-agreements/singapore-fta.

[11] For comparative analysis of individual countries' tariff profiles, see WTO Tariff Database website: http://stat.wto.org/TariffProfile/WSDBTariffPFHome.aspx?Language=E/.

[12] For the full TPA document, see Office of the United States Trade Representative website: http://www.ustr.gov/trade-topics/trade-promotion-authority.

[13] For the full SFA document, see Singapore's Ministry of Defence website: http://www.mindef.gov.sg/imindef/press_room/official_releases/nr/2005/jul/12jul05_nr/12jul05_fs.html#.UGMTvmSw40

[14] For the full CSFTA document see Singapore's FTA website: http://www.fta.gov.sg/fta_csfta.asp?hl=27

[15] For the full document of the JSEPA, see Singapore's FTA website: http://www.fta.gov.sg/fta_jsepa.asp?hl=7.

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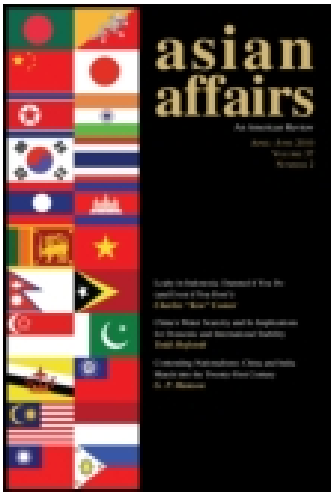

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A Costly Affirmation: Exploring Malaysia's One-Sided Domestic Security Dilemma

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Abstract: The *Barisan Nasional's* construction and implementation of ideational and material security apparatuses has created a one-sided internal security dilemma in Malaysia. This paper argues that the noble objective of promoting Malay interests has been transformed to the venal objective of securing *Barisan's* political perpetuity that is being pursued under the pretext of achieving inter-ethnic parity within a pluralistic Malaysia. The government's quest for a *bumiputra*-imagined nation gave birth to affirmative action policies that have often worked at the expense of all other Malaysian ethnic groups, particularly the Chinese and Indian-Malaysians. For better or worse, Malaysia's national security is conceived and developed on the basis of *bumiputra* ethnicity. In other words, Malaysia's national security is designed to counter mainly the insecurities confronting the Malays, thereby generating a one-sided internal security dilemma.

Keywords: affirmative action, *bumiputras*, Malaysia, national security, policies, security apparatuses

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Introduction

The long-standing practice of dividing Malaysians into *bumiputras* (literally, sons of the soil) and *non-bumiputras* has been at the crux of the country's deeply entrenched ethnic divisions. The concept of *bumiputraism* has effectively stunted the development of what could be a holistic Malaysian nationalism based on multiethnicity by aggressively promoting *bumiputra*-centric nationalism even after 57 years of independence.[1] Since the creation of the Malaysian state, no serious reference has been made toward a pluralistic nationalism in Malaysia. Such observation underlines the rather uneasy transformation of Malaysia into a nation that is more accommodating of non-*bumiputric* interpretations of national security.

This paper investigates one of the primary referents of Malaysian national security in the twenty-first century against the backdrop of multiethnic and multireligious societies that are perpetually being ruled by a Malay-dominated political coalition called the *Barisan Nasional* (BN). It argues that communal politics along volatile and limiting ethnic borders generates a one-sided security dilemma wherein Malay security essentially requires non-Malay insecurity. The reason is that Malaysia's national security is conceived around Malays' ethnic identity. Hence, for as long as the constitutional framework that legitimizes a *bumiputra*-centric Malaysian nation-state is sustained, de-ethnicizing the politico-economic and socio-cultural arrangements of the country remains unlikely.

To do this, the BN constructs and implements various ideational and material security apparatuses designed to preserve the Malay-dominated status quo.[2] In the process, the BN has become the equivalent of the entire Malaysian nation-state. The wider objective of safeguarding Malay interests has been co-opted by the narrower objective of securing the BN's political perpetuity using the pretext of achieving inter-ethnic equality. In pursuing its *bumiputra*-centric social vision, the government has launched a number of affirmative action policies (AAPs) and have been implemented often expense other Malaysian ethnic groups.[3] These "social-equalizing" strategies have been zealously pursued to strengthen and protect a *bumiputra*-imagined nation.

Malaysia's gamble with neoliberal economic policies, particularly free trade, has rewarded the country with robust economic growth.[4] This in turn has allowed the Malaysian government to configure and perform several ethnic-oriented AAPs including the New Economic Policy (NEP) in 1971, the National Development Policy (NDP) in 1990, and the New Economic Model (NEM) in 2010. Not surprisingly, these initiatives have received enormous criticisms from various sectors of the Malaysian society. The economic and political inefficiencies being engendered by these racially-configured initiatives have been greatly challenged.[5]

The popular view is that they are fundamentally biased against the non-Malays as they shrink further their limited political, economic, social and cultural spaces.

Rather than pursuing equality by creating equal opportunities for everyone regardless of ethnicity, the AAPs have been designed to achieve equality based purely on the results being generated. Thus, the AAPs' economic and political viability are often debated. While the government maintains that the AAPs should not be viewed as zero-sum strategies, nonetheless, a closer inspection of the Malaysian case reveals that they engender an unintended consequence: a one-sided domestic security dilemma.

In advancing these arguments, the paper attempts to answer the following sets of question. First, what are the main components of Malaysia's national security policy and strategy? How do they generate a one-sided domestic security dilemma? Second, how do Malaysia's AAPs affect the BN's notion of national security? Why does the government continue to implement them despite the concerns about their economic and political sustainability in the longer run?

The paper is divided into four sections. Section one provided the backdrop in which Malaysia's one-sided domestic security dilemma will be examined. It argued that the government's predilection toward a *bumiputra*-centric national security policy and strategy inevitably engenders a scenario wherein Malays' relative security inevitably requires non-Malays' relative insecurity. The continuous supremacy of Malay-dominated BN coalition in Malaysia's politico-economic and socio-cultural affairs further reinforces this dilemma. In maintaining its political perpetuity, the BN constructs and implements ideational and material security apparatuses. These are being complemented by affirmative action policies (AAPs), which in turn, are being pursued under the pretext of securing ethnic parity and harmony. Section two discusses the context in which Malaysia's one-sided security dilemma is explored. To do this, it examines the process of nation-building in a pluralistic Malaysia to offer preliminary understanding of the conduct of Malaysian politics by examining its critical foundations. Section three analyses Malaysia's national security policy and strategy to identify its main components and highlight some of the crucial security threats that it seeks to address. The goal is to examine how Malaysia conceptualizes national security, on the one hand, and how such conception shapes its domestic politico-economic and socio-cultural arrangements, on the other. It examines the limits to Malaysia's *bumiputra*-oriented national security, namely: limits to ideational security constructs and limits to material security apparatuses. Section four explores the economic and political sustainability of Malaysia's AAPs that are at the heart of a BN-configured national security framework. It examines how the wider objective of protecting *bumiputra* interest is being equated to the narrow objective of preserving the BN's political supremacy and why they are still being maintained despite their socio-economic inefficiencies.

The paper concludes by arguing that the de-ethnicization of Malaysia's policy-making procedures remains a challenge given that ethnicity has always been the foundation of its ideational and material national security policy and strategy. The

customary practice of equating Malaysian security to Malay security underlines the *bumiputras'* pre-eminence in virtually all aspects of Malaysian domestic affairs. And this is because Malaysia's national security is conceived and developed around the *bumiputra* ethnicity. As such, Malaysia's national security is designed mainly to address the insecurities confronting Malays by promoting their politico-economic and sociocultural interests even at the expense of other ethnic groups. The regrettable result is a one-sided security dilemma in which the enhancement of non-*Bumiputric* security leads to heightened *bumiputric* insecurity.

The Backdrop

Several observers have argued that the Malaysian state has developed prior to the nation.[6] Moreover, the state has emerged at approximately the same time as the ruling BN coalition that has ruled Malaysia since its first day of independence.[7] As a result, the state's institutions and machineries have become synonymous with the coalition that exploits them. Through mutual reinforcement, the Malaysian state has become identical with the BN: the government being the BN and the BN being the government.[8] Given the BN's overarching preponderance, the coalition is able to effectively manipulate the construction of Malaysia's national security policy and strategy. By doing so, the BN's top officials and figureheads have traditionally defined security issues in relation to the problems that threaten the stability and legitimacy of the coalition. This underlying agenda has been pursued under the pretext of ensuring inter-ethnic equality through the preservation of certain Malay privileges and rights Malaysia's multiethnic demography.[9]

Such narrow conception of 'Malayness' has been maintained even when Singapore (until 1965), along with other two North Bornean regions of Sabah and Sarawak, were annexed to the Malayan territory.[10] The constitutional provisions underpinning the sovereign aspirations of the Malayan state are anchored on the sacrosanct role of the nine Malay sultans who also supervise the administration of Islam within their respective states.[11] The sultans, therefore, act as legitimating actors in the institutionalization of the Malays supreme rights and authority. This overarching thrust of the Malaysian constitution remains inviolable even up to this day. In light of the growing pluralism, Malay rulers have framed the perceived corrosion of traditional Malay values and loyalties as threat to the nation's security.[12]

Logically, Islam has been proclaimed as Malaysia's official religion which cannot be questioned under any circumstance,[13] although the constitution does allow freedom of religion for all non-Muslims which comprise forty per cent of the total population. Nevertheless, the Muslim-led government tries to adopt and practice a secular type of Islam to emphasize Malaysia's moderate and tolerant interpretations of the religion. There is a widespread concern about Islam being used as an apparatus for exploiting Malay backwardness by amplifying their sense

of insecurity and inferiority. The rise of an Islamic state in Malaysia is deemed as a threat to this Malay-centred national security. In contrast, the Malay conception of national security is designed to be more tightly linked to the "universalist" and modernist interpretation of Islam which focuses on nationalism rather than the religion per se. Through the Islamisation of public policy under federal authority, the government is able to desegregate the role of Islam as a contrivance of national security.[14]

Clearly, the perceived strength of ethnic Malays rests on the relative political weakness of other Malaysian races, particularly the Chinese and the Indian-Malaysians.[15] Since the country's political axioms are essentially Malay, the notion of creating a "Malaysian" nation-state is being reduced as a mere political expression. In other words, the political groundwork of Malaysian security narrowly dwells in Malay security. Thus, the monarchy, religion and language are merged together to buttress the Malay ethnicity, which becomes the core foundation of Malaysia's national security. Securing the Malays' "dominion space" rather than the whole country's diversity space, therefore, is a *de rigueur* toward the development of a Malaysian nation.[16]

However, even among those who qualify as *bumiputras*—the Malays along with the natives of Sarawak and Sabah – the issue of inequality has been a source of great intra-ethnic tensions. The initial promise of extending the special rights and privileges of the Malays as *bumiputras* to the natives of Sabah and Sarawak through the formation of Malaysia was in fact embedded in Article 153 of the Constitution. But given Malaysia's political landscape which may be characterized as a single nation comprised of contesting nationalism,[17] a "competing nations-of-intent"[18] arises. As mentioned earlier, ethnicity and religion function as identity markers for the brand of nationalism and the constitution of national interests. In the case of Malaysia, although the Peninsular is dominated by Muslim *bumiputras,* however, majority of the *bumiputras* in the East Malaysian states of Sarawak and Sabah are non-Muslims.[19]

Such a condition naturally engenders a centre–periphery *bumiputra* nexus.[20] Instead of developing a BN-configured Malay nationalism, a new political consciousness among the non-Muslim *bumiputras* has emerged: the *Dayaks* in Sarawak and the *Kadazandusuns* in Sabah.[21] Such sociocultural configuration has further exacerbates Malaysia's one-sided security dilemma. In both Sabah and Sarawak, indigenous leaders have referred to themselves as "*bumiputra* minorities" which highlights their current '*othered*' *bumiputra* status.[22] This ongoing opposition between the federal discourse being espoused by dominant Malay bumiputras, on the one hand, and the regional discourse being held by the non-dominant non-Malay indigenous, on the other, highlights the divisive contestation between various visions of the Malaysian nation-state.[23] Not surprisingly, ethnic minorities tend to be more critical of the regime particularly with respect to issues concerning fair and equal treatment than do most Malay bumiputras, and therefore, show less

support for the ruling BN coalition.[24] Some scholars have even argued that regime hard-liners in Malaysia, 'fan nationalistic fervour and ethnic tensions in order to hold on to power.'[25] Meanwhile, the violation of fundamental rights – suppression of free expression, free assembly and religious freedom – remain a serious threat to Malaysia's pluralistic society.[26] Despite this, the competitiveness of Malaysia's authoritarian regime has enabled the ruling party vis-à-vis the coalition to maintain its stranglehold on the domestic politics, and to a large extent have weathered the calls for fundamental reform.[27]

Constructing Malaysia's *Bumiputra*-Centric National Security

Malaysia's national security policy and strategy are a reflection of the government's struggle to transform a former British colonial territory into one cohesive and united nation. Accordingly, Malaysia adopts a fairly comprehensive approach in defining national security by weaving together its military, political, economic, social, cultural and psychological components.[28] Several material and ideational factors influence Malaysia's conception of national security, including: geography and history; multiethnic identity and religious plurality; aspiration for national unity and integration; and the dream of becoming a developed country as well as a model Islamic nation.[29]

Malaysia's national security encompasses both internal and external dimensions. On the one hand, the domestic security being derived from internal peace, law and order is crucial to the fulfilment of the basic needs and demands of its pluralistic society.[30] The presence of internal stability and harmony underpin Malaysia's pursuit of national economic development and progress. Hence, the passage and enactment of some legislation considered to be draconian by some liberal democratic states are deemed necessary by the Malaysian government to control its ethnically-diverse population.[31] On the other, external security focuses on wide-ranging transnational threats being engendered by regional and global events including terrorism, maritime piracy, drug cartels, illegal migrant workers and human trafficking to name a few.[32] Malaysia's pursuit of national security, therefore, implies the notion of strategic survival, both inside and outside its sovereign boundaries.

The conception of Malaysian national security has been largely inspired by the Emergency period between 1948 and 1960.[33] This period saw the Malayan forces, backed by their British colonizers, fight against the communist insurgents called the Malayan National Liberation Army (MNLA) who claimed to be promoting a new democratic socialist Malaya.[34] In response, the coalition launched its 'hearts and minds' campaign to weaken the social appeal of a Communist propaganda and earn the loyalty of those sympathetic to them.[35] This proved to be an effective component of the coalition's anti-Communist strategy as it led to the establishment

of a new constitution that was signed between the United Malays National Organization (UMNO) and the Malaysian Chinese Association (MCA) in 1957—both are member parties of the ruling BN coalition.[36]

The new constitution recognizes the legality of special preferences and privileged positions being provided to the Malays.[37] Aside from electing Islam as the state religion and Malay as the official language, the new constitution has also granted a fixed quota of posts in the civil service for Malays on top of their guaranteed traditional land rights. In exchange for accepting these terms under the constitution, the Chinese have been offered extended rights of citizenship.[38] Thus, the Emergency period had served as a *sine qua non* for legitimizing a national security framework that is both operationally despotic and ideologically-centered on addressing the root causes of threats, particularly with respect to the Malays. Malaysia's national security is essentially based on material and ideational constructs designed to secure its ruling dynastic coalition—the Barisan Nasional (BN)—rather than the diversity space necessary for accommodating the politico-economic freedoms and socio-cultural needs of its multiethnic population. In fact, the BN defines itself as a confederation of political parties that subscribe to the objects of the coalition rather than the objects of Malaysia's national interest.[39]

Combining ideological constructs with coercive apparatuses has been the traditional approach to developing Malaysia's national security and policy since the Emergency period.[40] Such approach is designed to secure the BN by suppressing the growth of unorthodox ideas and concepts, while justifying the supremacy of the values being cultivated by the ruling coalition. Together, coercive and ideological instruments have played crucial roles in Malaysia's national security, which made paramount the implicit protection of the Malay-dominated coalition at the expense of its diversity space. In doing so, the coalition has vigilantly upheld a paradoxical security framework that is propelled by its 'hearts and minds' slogan but is exercised through coercive and repressive legislations.[41] Such paradox presents two critical limits to Malaysia's diversity space that is pivotal to the country's national security, namely: (1) limits to ideological security constructs; and (2) limits to material security apparatuses.

Limits to Ideological Security Constructs

A central task of the BN's security ideology is the regulation and control of alternative channels for discussing nonconforming opinions.[42] A variety of ideological constructs have been put in place to legitimize the suppression of local political opponents and critics, thereby adding another layer of protection for the Malay-dominated status quo. As Anthony Downs argues, these nonmaterial forces represent "a verbal image of the good society and of the chief means of constructing such a society."[43] The government systematically regulates the employment of these ideologies to promote and preserve the security of the BN

coalition. As argued earlier, this objective is being pursued under the pretext of safeguarding the constitutionality of specific Malay rights and privileges that do not extend to other ethnic groups.

The coalition's security ideologies serve main functions: (1) to restrict the space available for alternative ideas that question and challenge the BN, and (2) to legitimize the passage and enactment of coercive instruments vis-à-vis the political coalition that implements them.[44] To this extent, ideologies help in maintaining the pre-eminent status of the BN amid threats coming from various oppositional groups. The fluidity of ideas implies that the coalition's security ideologies are neither permanent nor fixed but are contingent on specific politico-economic and socio-cultural contexts of the time.[45] Hence, there is no overarching idea that dominates Malaysia's security policy and strategy. Nonetheless, there is an underlying goal that binds these security ideologies together, and that is winning the hearts and minds of societal actors that threaten Malaysian national security narrowly defined in terms of the BN security.

These coalition-enhancing ideational forces create a "cloak for shabby motives and appearances" by legitimizing and giving meaning to its conducts.[46] Rather than being mere reflections of the country's national aspirations, they act as political tools for preserving the coalition's hegemony. The uncertainty and complexity of Malaysian politics transform these ideological constructs into electoral "chips" that are necessary for the coalition's continued survival in the 21st century.[47] Accordingly, the ideational components underpinning Malaysia's national security framework are naturally bent to quash counter-narratives, thereby shrinking the country's diversity space even further. Crafting Malaysia's national security policy and strategy based on the underlying goal of securing the coalition becomes the paramount concern of the ruling BN political elites, particularly for those comprising the UMNO party.[48]

As a Muslim-dominated federal constitutional monarchy, Malaysia's national security becomes a function of its state-configured Islamic ideology.[49] Its goal is to cement the country's role as a worthy leader of the Muslim world by projecting an image of moderation and tolerance.[50] Islam must be the people's way of life and the coalition's brand of leadership. It is the very visible hand that runs and controls Malaysia's internal and external affairs and dictates the primary referents of the country's national security. In short, Islam plays a pivotal role in the hearts and minds campaign of the coalition.

A centrepiece of this movement is the development and propagation of Mahathir's own version of Islam both domestically and internationally. At the regional international levels, the Mahathir regime has portrayed Malaysia as the "model Islamic state" of the post-9/11 world.[51] The former PM argued that its government had been successful in fighting terrorism domestically by adding ideological "sweeteners" to its coercive policies.[52] Such claim is typically made in the context

of the Emergency, where the defeat of communism is largely viewed as a result of its hearts and minds ideology emphasizing a moderate and tolerant Islam.[53]

This image of Malaysia being a model Islamic state is particularly relevant in the context of the government's aspirations for taking the driver-seat role in the Association of Southeast Asian Nations (ASEAN). Regional cooperation has always been a major preoccupation for the Malaysian government and the ASEAN remains the cornerstone of its foreign policy. Malaysian leaders have been very vocal about the important role of ASEAN in fostering trust and confidence among its member states which are necessary for maintaining regional peace and stability.[54] For these reasons, Malaysia has been very cautious in presenting and propagating its state-configured Islam to the rest of the Southeast Asian region to ensure that it helps encourage behavioral patterns that mitigate internal and external security risks. Mahathir's ideological security apparatus in particular is designed to further enhance Malaysia's bilateral relations both with Muslim and non-Muslim countries by encouraging habits of open dialogue on various political and security issues.[55]

The most important among these non-Islamic, trans-regional partners is arguably the United States. Given America's role as the primary security guarantor it is imperative for the Malaysian government to ensure that its ideological security apparatus does not contradict but rather complement the former's security policy and strategy. To a large extent, Malaysia's moderate and tolerant interpretation of Islam is in synced with the West's military rhetoric and operations against Islamic extremism in several parts of the world. Gaining the United States' approval is crucial for Malaysia as it enables the government to pursue other vectors of efforts including political and diplomatic coordination on maritime issues; expanding counterterrorism cooperation; and strengthening of security relations between the two governments.[56] Nurturing international support for Malaysia's competitive authoritarianism is crucial for the preservation of the current politico-economic and socio-cultural status quo, which in turn, further legitimizes the perpetuity of an UMNO-led government.[57]

At the domestic level, however, the opposite is observed. Mahathir's state-sponsored Islam has been propagated with the help of strong coercive legislations, particularly the Internal Security Act (ISA) of 1960 and its replacement called Security Offences Special Measures Act (SOSMA).[58] This highlights an underlying contradiction within Mahathir's ideational panorama: conquering the hearts and minds of the fearful population through forced imposition of a coalition-made Islam. The result is a two-faced Malaysian security ideology endorsing a non-violent Islamic rhetoric at the international scene, while encouraging coercive policies for implementing these teachings at the domestic sphere.[59] Nevertheless, it effectively aids in the legitimization of the coalition's domestic security machinery perpetuating a Malay-dominated BN coalition.

In October 2003, Mahathir was replaced by PM Abdullah Ahmad Badawi after spending twenty-two years in office. Similar to Mahathir, Badawi also came from the UMNO party of the BN coalition. Despite his initial promise to adopt a softer approach, Badawi has continued Mahathir's strategy of fusing together coercive and ideological apparatuses in crafting Malaysia's national security framework. Badawi's security doctrine called *Islam Hadhari* or Civilizational Islam still reflects the past administrations' aim at securing the coalition rather than the diversity space necessary to support its multiethnic and multireligious population. Substance-wise, Islam Hadhari has no significant difference from Mahathir's "Asian values.."[60] Form-wise, however, Abdullah's ideology takes Mahathir's notion of "model Islamic state" to a higher level by developing a comprehensive doctrine embracing Muslim and non-Muslim audiences alike, both home and abroad.[61] In other words, Malaysia's signature Islam has been transformed into an exportable commodity that reinforces the legitimacy of the BN coalition beyond the country's borders.[62]

According to Badawi, *Islam Hadhari* is neither a new religion nor denomination but an effort to bring the *ummah*, a collective term identifying all adherents of the Muslim faith, back to its fundamental Islamic roots as prescribed in the Quran and the *hadith*.[63] The terms that have been used to develop *Islam Hadhari* were fairly 'universal', and therefore, are applicable to different contexts. Badawi's ideology represents a shift toward understanding the contemporary era within the purview of Islam.[64] It is the form rather than the substance that made *Islam Hadhari* an appealing ideological construct.[65] By utilizing charismatic Islamic terminology, Badawi has succeeded in reigniting the coalition's unpopular security ideology.[66] Badawi's main thrust is to recalibrate Islam as a progressive religion that values individual and communal development.[67] By restoring a sense of moderation toward the practice of Islam, Badawi had hoped that non-Muslim Malaysians would feel welcomed by the regime.[68]

At the international level, Badawi attempted to export *Islam Hadhari* to other Muslim and non-Muslim countries. The idea is to cement Malaysia's role as a model nation and leader of the Muslim world by manufacturing it as a development model based on a state-authorized version of Islam.[69] From Badawi's viewpoint, it is Malaysia's duty to demonstrate by words and actions that a Muslim country can be modern, democratic, tolerant and economically competitive.[70] While Badawi admits that his security ideology is hardly a panacea, nonetheless, he stresses that it offers valuable insights into how a progressive and modem Muslim nation can be built.[71]

Yet at the domestic level, the operationalization of Badawi's doctrines is questionable at best. It is not clear whether *Islam Hadhari* represents genuine efforts toward the progressive interpretation of Islamic thinking or a mere strategy for securing Malaysian votes by not openly marginalizing its non-Malay and non-Muslim population.[72] For instance, the BN has utilized its ideological

machineries for justifying the coercive measures undertaken during a series of crackdowns against 'deviant' sects such as the *Tarikat Samaniah Ibrahim Bonjol* in 2004, and *Terengganu* or Sky Kingdom in 2005.[73] The government has portrayed these religious entities as threats to Malaysia's national security by espousing alternative views of Islam and adopting a lifestyle that was different from the ones being endorsed by the BN coalition.

Furthermore, *Islam Hadhari* has provided the government an effective ideological apparatus for stifling its political rival called the Pan-Malaysian Islamic Party (PAS).[74] Badawi has likened the PAS' brand of Islam to a trap that must be exposed to prevent Malay Muslims from being ensnared.[75] Under *Islam Hadhari*, the PAS is faced with lose-lose situation: either to comply with a BN-sponsored Islam and operate within this limited context, or reject this model and be tagged as an enemy of the state.[76] Either way, the ideological terrain within which PAS can manoeuvre is significantly diminished. Clearly, *Islam Hadhari* has further enhanced the government's monopolistic control over the organization and facilitation of Islam. Divergent sects operating beyond the provisions and boundaries set by the coalition are more easily detected and trounced. Hence, *Islam Hadhari* becomes an extension of the implicit campaign against the expansion of diversity space that is crucial for securing Malaysia's pluralistic society.

Badawi's security ideology inevitably leads to the Islamisation of the populace by placing Islam at the foreground of Malaysian politics, thus entrenching a coalition-made Islam even deeper.[77] The absence of a genuinely moderate Islam at the governmental level has permeated grassroots societies. In contrast to the supposedly 'universal' outlook of *Islam Hadhari*, this ideological construct has generated a self-justifying, intolerant and backward-looking Malay mindset. Therefore, the government's claims about the institutionalization of a state-sponsored Islam that is moderate and tolerant are highly debatable. The prohibition of a PAS-conceptualized Islam in itself contradicts all sorts of moderate slogan. Ironically, the BN-sponsored Islam has become indistinct from the PAS-configured Islam.[78]

Overall, these observations underline the role of ideological constructs in securing the perpetuity of the BN coalition. The underlying motive behind the coalition's projection of Malaysian Islam as the"'reasonable" or "enlightened" variant of the Muslim religion is the promotion of state ideology that reinforces the BN's interests. Although the government projects its state-manufactured Islam as a necessary ingredient for establishing Malaysia's leadership role in the Muslim world, nonetheless, its tendency to quell deviant voices underscores the regressive nature of the model. Rather than propagating a moderate Islam, the coalition is moderating its own version of the religion in order to abolish the threats to BN's security. While to some extent such ideological constructs may reflect the Malaysian government's sincere attempts for uniting the Muslim world against terrorism and extremism, however, they are ultimately designed to secure the primacy and legitimacy of the BN coalition amid the threat of pluralism.

Limits to Material Security Apparatuses

The government's ideational security constructs are being complemented by its material security apparatuses. These are coercive laws designed to secure the status-quo by removing all material and/or ideational challenges to its legitimacy.[79] A primary example is the recently repealed Internal Security Act (ISA) signed by PM Abdul Rahman in 1960. The ISA served as a preventive detention law which enabled the arrests of individuals without trial and criminal charges under limited, legally defined circumstances for sixty days.[80] As stated in Section 73 of the said Act: 'any police officer may arrest and detain without warrant any person who has acted or is about to act or is likely to act in any manner prejudicial to the security of Malaysia or any part thereof.[81]

The ISA is further complemented by the Sedition Act revised of 1971 by Malaysia's second PM Tun Abdul Razak which made the questioning of Malayan paramountcy an act of treason. The latter prohibits virtually all activities with "seditious tendency," resulting to disaffection and hostility toward the government or communal ill will.[82] Despite initial controversies, the coalition has skilfully justified the presence of ISA and the Sedition Act as necessary legislations for ensuring Malaysia's national security.[83] Such laws are deemed to be particularly relevant in the context of post-9/11 world order by serving as effective counter-terrorism measures which are akin to the Patriot Act of the United States and the Anti-Terrorism Act of the United Kingdom.

In recent years, however, opposition to the ISA has grown considerably. Critics have argued that the Act was passed to stifle what should have been legitimate political oppositions under a well-functioning democratic system and had been compared to internal pre-emptive strike given its preventive nature.[84] For example, during the 1987 Weeding Operation (Operasi Lalang), a total of one-hundred six people had been arrested without proper charges under the ISA. Most of the detainees were members of the opposition party and various social activist groups. The coalition issued a White Paper explaining the arrests, stating that various groups who had played up sensitive issues and thus created racial tension in the country had exploited the government's liberal and tolerant attitude.[85]

One of the most significant outcomes of this struggle was the introduction of section 8B of the ISA that blocked the judicial review of ISA detentions including those brought as habeas corpus petitions.[86] In 2001, this section was used to detain some of the members of the People's Justice Party (PJP) who were dubbed as the "*Reformasi* or *KeADILan* 10."[87] These abuses drove oppositionist groups, human rights activists and other members of the civil society to mobilize large-scale protests against the ISA which was portrayed as an unnecessary draconian law that does not bode well for Malaysia's vision of a "developed nation" status.[88] The popularity of these movements, along with the resurgence of a stronger opposition

in the aftermath of the 2008 General Elections, played a crucial role in Prime Minister Najib Razak's decision to repeal the Act.

In 2012, the Security Offences (Special Measures) Act or SOSMA officially replaced the ISA.[89] The new Act is envisioned "to provide for special measures relating to security offences for the purpose of maintaining public order and security and for connected matters." However, the SOSMA is also being criticized from two sides. On the one hand, anti-terrorist groups argue that the requirement to bring charges within twenty-eight days under SOSMA weakens Malaysia's capacity to pre-emptively contain terrorist threats.[90] On the other, human rights groups criticize SOSMA for allowing police to authorise communication intercepts and permitting prosecutors to present evidences without disclosing sources. Acquitted suspects in the midst of an appeal may also be detained in prison or tethered to a monitoring device until the appeal is formally settled.[91]

Overall, the effectiveness of these laws in curbing the threats of terrorism remains inconclusive. Nevertheless, it is clear how such coercive mechanisms have been utilized to secure the interests of the coalition by suppressing "rogue" ideas and rationalizing the continued supremacy of the BN at the expense of Malaysia's pluralistic society.

The Scourge of *Bumiputra* Affirmation

Malaysia's *bumiputra*-centric political economy—being developed and reinforced by the UMNO-driven BN coalition—undermines the country's diversity space. This in turn destabilizes the country's national security as it is anchored on the cohesiveness and harmony among Malaysia's multiethnic and multireligious societies. Rather than ensuring that all Malaysian ethnic groups are provided equal amount of space to develop—political, economically, socially and culturally —the country's permanently ruling party and coalition have utilized neoliberal economic policies, particularly free trade, in securing their supremacy by promoting and maintaining racially-configured affirmative policies. However, there are two main factors affect the effectiveness of the BN's current attempts at preserving the Malay-dominated status quo using affirmative policies—their economic and political sustainability.

The Economic Sustainability of Ethnic-Based AAPs

Despite Malaysia's largely acclaimed development story, several factors have eventually weakened the country's economic performance. These are rooted primarily on the inefficiencies of its AAPs that put into question their economic sustainability. In restructuring the Malaysian society, the government has sought to create a *bumiputra* entrepreneurial and industrial community.[92] This new class was envisioned by Mahathir as the future source of Malaysian innovation and

investment that would put the country in the league of the developed world.[93] In short, they would become the engine of Malaysia's development. Several measures were undertaken in pursuing this objective, including: privatization; purchase of additional firms; capital participation requirements; PERNAS subsidiaries; and government contracts.[94]

The general sentiment was that the majority of huge *bumiputra* enterprises emerged as the results of rents acquired from the government. Only a small fraction of the *bumiputra* business class created over the past decades participated in export-oriented manufacturing industries.[95] Most of them directed their entrepreneurial efforts toward rent-seeking practices induced by patronage politics within the government. Consequently, the *bumiputra* business class is commonly described as crony capitalists that came into existence to act as substitutes for political patrons.[96] They have been accused of exploiting the resources provided to them by the government and are criticized for being rentiers rather than genuine industrialists.[97]

Mahathir himself was at the forefront in many of the government's economically costly initiatives. In fact, even prior to his premiership, Mahathir had argued that equality between races could only be achieved when each race was being represented in every layer of the Malaysian society, in every sector of employment, in proportion more or less to their percentage in the population.[98] Mahathir had envisaged a *bumiputra* business class that would eventually develop commercial and industrial expertise necessary for building rents 'by investing surplus and creating new wealth, not just for themselves but also for the nation'.[99]

However, this has not usually been the outcome. The members of *bumiputra* business class have frequently created joint ventures and subcontracted their operations to local and foreign firms which have the capability to perform the required tasks.[100] By 2006, 85% of the contracts originally awarded to the *bumiputras* went under in the hands non-*bumiputras*.[101] Accordingly, non-*bumiputra* wealth and income have substantially increased considering the public sector's heavy reliance on their capacity to carry out critical public investment and other key contracts.[102] Such arrangement has produced a corollary effect known as money politics based on patron-client relations where government assets and contracts are being rewarded to individuals or groups supporting politicians from the ruling UMNO party and the larger BN coalition.[103] The outcome is the rise of a deeply politicized *bumiputra* business class influencing conduct and mechanism of Malaysia's political economy.[104]

Still, the government continues to emphasize the remaining inter-ethnic economic gap as justification for preserving the AAPs. This is despite the fact that the indicator being used to measure this gap—the inter-ethnic income ratio or IIR—does not accurately reflect the varying patterns of income distribution within specific ethnic groups, particularly in cases where distributions are highly

slanted.[105] In short, it fails to capture the difference between reducing the gap by raising the incomes of many poor *bumiputras* and narrowing the disparity by allowing few rich *bumiputras* to amass more capital.[106] Such scenario has led to the overconcentration of national wealth in the hands of the very few elite who are likely to exploit the resulting power configuration in pursuing their own vested interests.[107] The notion of narrowing inter-ethnic economic gap by encouraging income accumulation within the upper *bumiputra* strata, inevitably leads to widening inequality not only within the *bumiputra* society but the Malaysian nation as a whole.[108]

The Political Sustainability of Ethnic-Based AAPs

One way to examine the political sustainability of ethnic-based AAPs is by looking at their implications on the government's autonomy for ratifying and enacting its preferred policy objectives.[109] On the one hand, the required polices for drawing investment and encouraging competition have been attuned to the predispositions of Malaysia's ruling elites. On the other, the government's economic policies have signified path dependence in the sense that specific policy initiatives have emerged upon its adoption of export-oriented, FDI-centered development strategies.

The Malaysian experience challenges the traditional view that globalization compels national governments to limit their roles in order to successfully open their economies to international trade and foreign investments regardless of their impacts on domestic welfare and equity. Malaysia did not shy away from taking alternative paths when the dominant neoliberal philosophy and remedy were at odds with its vision. It implemented robust social policies that have proved compatible with and critical to equitable growth despite their enormous economic costs. The government, particularly under the Mahathir regime, attempted to rationalize its policy choices using its Look East Policy.[110] Although the said initiative did not yield outstanding results, nevertheless, it demonstrated that the powerful ideological influence of economic globalization had not completely constrained Malaysia's policy preferences.[111]

To this extent, the AAPs are strong illustrations of the Malaysian government's freedom to develop its desired socio-economic strategies. They are striking manifestations of Malaysian policy independence amid the constraints being generated by the intense competition for global markets and investments. The fortuitous racial riots of 1969 convinced Malaysia's political heads that stability and national unity necessitated extensive alleviation of national poverty and substantial extenuation of ethnic inequalities in terms of income and wealthy.[112] This realization made social restructuring an 'extraordinary' measure that must be urgently adopted to ensure Malaysia's national security. Thus, rather than treating economic growth

and social agendas as mutually exclusive, the government has underscored the complementarity between the two by pushing for the rapid advancement of *bumiputras'* welfare status without completely neglecting the conditions confronting the non-*bumiputras*.[113]

The period between 1970 and 1990 largely reflected this conjecture. Foreign investors have generally tolerated the imposition of AAP quotas and its associated costs primarily because of their perceived role for sustaining and strengthening socio-political stability.[114] While Malaysia has been chiefly concerned with pursuing economic growth, the government argued that it did so by balancing policies designed to stimulate trade and investment with the ones intended to improve social welfare.[115] Hence, even when economic liberalization compelled the government to modify some of its AAPs, particularly during the economic slump in mid-1980s, it did not completely thwart the core thrust of Malaysia's social vision.

Another way of examining the political sustainability of ethnic-based AAPs is by looking at their implications on the continued primacy of the UMNO-led BN coalition. There are several important factors that can potentially alter the manner with which these ethnic-oriented policies are crafted. First, advancements made in the education sector have resulted to the rise of socio-civic organizations actively engaging in national policy debates. Although the government has typically treated civil society pressures and criticisms as mere disturbances to day-to-day governance, however, they have the power to influence decisions particularly when oppositional parties decide to adopt and pursue these issues.[116] Despite the limited government attention, the level of critical voices and views expressed by non-state actors over some specific components of AAPs has continued to increase.

Second, issues concerning multiethnic and multi-religious relations are also quickly transforming, and therefore require new policy strategies. Despite the relative success of the AAPs in diminishing the income and professional gaps between *Bumiputras* and non-*Bumiputras*, the Malaysian society has remained profoundly polarized and divided. The causes of underlying tensions among ethnic groups are deeper and more complex than traditional economic considerations. These involve the need to recognize and respect the differing cultural and religious values being espoused by each ethnic community.[117] As such, approaches to nation building and the national identity construction must go beyond the strategy of managing conflicts via economic equity.

Third, and lastly, Malaysia's capacity to effectively fulfill its chosen goals and objectives also depends on its national administrative apparatus. For the most part, the four decades of AAPs have immensely enhanced government capacity by facilitating wealth creation, human resource development, technological advancement and cross-sectoral capital base expansion.[118] However, bureaucratic inefficiencies and corruption are gradually eroding Malaysia's capabilities for efficiently and effectively competing at the global level. Such problem seriously tarnishes the image of UMNO-led BN coalition at the domestic level. In 2004, Badawi launched

the National Integrity Plan intended to address corruption, malpractices, abuse of power, and all other inefficiencies that are plaguing the bureaucracy.[119] However, it remains unclear whether corrective policies will be implemented both at the higher and lower tiers of the government.[120] This is despite the government's pronouncements that "the effort to enhance integrity will involve participation at the grassroots right up to the highest level of society."[121]

Summary and Conclusions

Notwithstanding Malaysia's great ethnic diversity, the country's national security policy and strategy are profoundly *Bumiputric*. In fact, the Malaysian constitution provides legal justification for the provision of the exclusive rights and privileges to Malays that are not readily available to other ethnic groups particularly the Chinese and Indian-Malaysians. Article 53 of the Constitution states that:

> It shall be the responsibility of the Yang di-Pertuan Agong (King of Malaysia) to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article.[122]

Despite the continuous political supremacy and greatly enhanced economic status of the *Bumiputras*, Article 153 remains entrenched in the Malaysian constitution. Such provision legitimizes the interests of the Malays even at the expense of all other Malaysian ethnic groups. Put differently, an ethnic-based approach to Malaysia's national security policy and strategy institutionalizes the prevailing one-sided domestic security dilemma. This prevents the necessary shift toward a pluralistic model of Malaysian political economy.

The Malaysian government that is perpetually ruled and controlled by the UMNO-led BN coalition has pursued a number of ideological and material apparatuses designed to secure its political primacy. On the one hand, ideological security constructs have enabled the BN to moderate a state-configured religion designed to eradicate its political nemesis. Although the government insists that a state-manufactured Islam is a necessary component of Malaysian leadership role in the Muslim world, however, its tendency to suppress deviant voices underlines its regressive nature. On the other, material security apparatuses have allowed the BN to secure its political interests by muffling "rogue" ideas and rationalizing its continued supremacy as an indispensable part of Malaysia's national security. The result is the creation of a Malay-dominated status quo that exploits Malaysia's politico-economic and socio-cultural arrangements at the expense of all non-Malay Malaysians.

Furthermore, complementary AAPs have also been enacted under the pretext of achieving inter-ethnic parity. Malaysia's substantial export-led growth in the last

four decades has supported the government's 'social-equalizing' policy initiatives. The BN has offered a compelling case for the implementation of the AAPs by arguing that economic growth is not sufficient for creating an equitable and a just multiethnic society.[123] Accordingly, a number of AAPs have been introduced since 1970 up to the present in efforts to fairly distribute the fruits of economic progress among various ethnic groups. The BN has also emphasized the need to ensure that the trickle-down effects of export-led growth would eventually reach Malaysia's most economically disadvantaged sectors particularly the *bumiputras*. But behind these economic imperatives lie the BN's deep-seated political interests that must be protected at all costs.

Hence, it is difficult to de-ethnicize Malaysia's policymaking processes since ethnicity has always been the core foundation the government's national security policy and strategy, both ideational and material. The notion of Malaysian security has been customarily equated with Malay security given *bumiputras'* pre-eminence in virtually all aspects of the domestic affairs. For better or worse, Malaysia's national security is conceived and developed around the *bumiputra* ethnicity. Yet even for the "othered" *bumiputras*—the non-Muslim and non-Malay indigenous groups of Sabah and Sarawak—*bumiputraism* has become an exploitative instrument that legitimizes and empowers the Malay *bumiputras* at their expense. This leads to widening cleavages among the *bumiputras*,[124] who now demand greater special rights and privileges instead of equal opportunities. The long-standing question of "*bumiputraism* for whom," therefore, remains as pertinent today as ever.[125] To this extent, it can be inferred that Malaysia's national security is designed primarily to counter the insecurities confronting Malays by promoting their ethnic interests above all other racial groups. The end result is a one-sided security dilemma in which the improvements in political, economic, social and cultural security of the non- *bumiputras* regrettably lead to insecurities of the *bumiputras*.

NOTES

1. Edmund Terence Gomez and Jomo Kwame Sundaram, *Malaysia's Political Economy: Politics, Patronage and Profits* (Cambridge: Cambridge University Press, 1997); K. S. Nathan, "Malaysia: Reinventing the Nation," in *Asian Security Practice: Material and Ideational Influences*, ed. Muthiah Alagappa (Redwood City, CA: Stanford University Press, 1998), 513–548; Edmund Terence Gomez, "Introduction: Politics, Business and Ethnicity in Malaysia: A State in Transition," in *The State of Malaysia: Ethnicity, Equity and Reform* (New York, NY: Routledge Curzon, 2004), 1–28.

2. Andrew Humphreys, "Malaysia's Post-9/11 Security Strategy: Winning Hearts and Minds or Legitimising the Political Status Quo?" *Kajian Malaysia* 28, no. 1 (2010): 21–52; Mohd Azizuddin Mohd Sani, "Balancing Freedom of Speech and National Security in Malaysia," *Asian Politics and Policy* 5, no. 4 (2013): 585–607.

3. Joan M. Nelson, Jacob Meerman, and Abdul Rahman Haji Embong, *Globalization and National Autonomy: The Experience of Malaysia* (Singapore: Institute of Southeast Asian Studies, 2008); Gomez and Jomo, *Malaysia's Political Economy;* Nathan, "Malaysia: Reinventing the Nation;" Just Faaland, J. R. Parkinson, and Rais Saniman, *Growth and Ethnic Inequality: Malaysia's New Economic Policy* (New York, NY: St. Martin's Press, 1990).

4. Prema-chandra Athukorala, "Trade Policy in Malaysia: Liberalization Process, Structure of Protection, and Reform Agenda." *ASEAN Economic Bulletin* 22, no. 1(2005): 19–34; Siew Yean Tham, "Trade Liberalization and National Autonomy: Malaysia's Experience at the Multilateral and Bilateral Levels," in *Globalization and National Autonomy: The Experience of Malaysia* (Singapore: Institute of Southeast Asian Studies, 2008), 159–188.

5. Sumit Mandal, "Transethnic Solidarities, Racialisation and Social Equity," in *The State of Malaysia: Ethnicity, Equity and Reform* (New York: Routledge Curzon, 2004), 49–78; Jacob Meerman, "The Malaysian Success Story, the Public Sector, and Inter-ethnic Inequality," *Globalization and National Autonomy: The Experience of Malaysia* (Singapore: Institute of Southeast Asian Studies, 2008), 76-115; Haji Mat Zin Ragayah, "Poverty Eradication, Development, and Policy Space in Malaysia," in *Globalization and National Autonomy: The Experience of Malaysia* (Singapore: Institute of Southeast Asian Studies, 2008), 116–158.

6. Gomez and Jomo, *Malaysia's Political Economy;* Nathan, "Malaysia: Reinventing the Nation;" Thomas Crump, *Asia-Pacific: A History of Empire and Conflict* (London, UK: Hambledon Continuum, 2007).

7. Nathan, "Malaysia: Reinventing the Nation."

8. Ibid.

9. It is worth nothing that even Malaysia's former name '*Malaya'* was an allusion to the basic 'Malayness' of the '*tanah Melayu'* or the Malay land. See Nathan, 1999.

10. Crump, *Asia-Pacific: A History of Empire and Conflict*.

11. Kikue Hamayotsu, "Islamisation, Patronage and Political Ascendancy: The Politics and Business of Islam in Malaysia," in *The State of Malaysia: Ethnicity, Equity and Reform*, ed. Edmund Terence Gomez (New York, NY: Routledge Curzon, 2004), 229–254; Norani Othman, "Globalization, Islamic Resurgence, and State Autonomy: The Response of the Malaysian State to Islamic Globalization," in *Malaysia: Islam, Society and Politics*, eds. Virginia Hooker and Norani Othman (Singapore: Institute of Southeast Asian Studies, 2008), 195–235.

12. To further complement the establishment of the Malay rulers, *Bahasa Melayu* has been elected as Malaysia's national language, thus providing another tool for legitimizing the Malay dominance. Its selection as the official medium of educational instruction and government communication is an integral component of a Malay-centred security vision, as it helps preserve the Malay-dominated political, economic, social and cultural status quo. See Nathan, 1999; Humphreys, 2010.

13. Nathan, "Malaysia: Reinventing the Nation;" Humphreys, "Malaysia's Post-9/11 Security Strategy."

14. However, the federalization of Islam inexorably intrudes on the customary function and influence of the sultan as the chief of Islamic affairs in his own dominion. This diminishes the significance of Malay monarchic space as a primary referent of Malaysia's national security. Likewise, the passage and implementation of draconian constitutional amendments such as the Internal Security Act, Sedition Act, Official Secrets Act, and the Printing Press Ordinance have substantially undermined the sultans' capacity for moderating the exercise of executive power given their significantly reduced space. See Nathan, 1998.

15. Edmund Terence Gomez, *Politics in Malaysia: The Malay Dimension* (New York, NY: Routledge, 2007).

16. Mahathir justified such act by arguing that "The Malays are spiritually inclined, tolerant and easy-going. The non-Malays and especially the Chinese are materialistic, aggressive and have an appetite for work . . . The economic dilemma of the Malays still exist [because] for every step forward that the Malays make in the economic field other races make ten. . . [Hence], the whole process must be planned and executed with speed and thoroughness to produce a complete radical change in the Malays. If this revolution is brought about they would be rehabilitated and their dilemma would be over." See Nathan, "Malaysia: Reinventing the Nation," 522.

17. Cheah Boon Kheng, "Ethnicity and contesting nationalisms in Malaysia," in *The Challenge of Ethnicity: Building a Nation in Malaysia* (Singapore: Marshall Cavendish Academic, 2004), 40–53.

18. Shamsul A.B., "Nations-of-intent in Malaysia," in *Asian Forms of the Nation* (Richmond: Curzon, 1998), 324–347.

19. Ibid.

20. Zawawi Ibrahim, "The New Economic Policy and the Identity Question of the Indigenous Peoples of Sabah and Sarawak" in *The New Economic Policy in Malaysia: Affirmative Action, Ethnic Inequalities and Social Justice* (Singapore: National University of Singapore Press, 2012), 293–313.

21. Francis Loh Kok Wah,"Understanding politics in Sabah and Sarawak: An Overview," *Kajian Malaysia* 15, no. 1–2 (1997): 1–14.

22. Ibrahim, "New Economic Policy and the Identity Question," 307.

23. Kamal Sadiq," When being "native" is not enough: Citizens as Foreigners in Malaysia," *Asian Perspectives* 33, no. 1 (2009):5–32.

24. Alex Chang, Yun-han Chu, and Bridget Welsh, "Southeast Asia: Sources of Regime Support," *Journal of Democracy* 24, no. 2 (2013): 151–164.

25. Ibid., 152.

26. Ibid.

27. Bridget Welsh, "Malaysia's Elections: A Step Backward," *Journal of Democracy* 24, no. 4 (2013): 136–150.

28. Malaysia Ministry of Defence, "National Defence Policy;" http://www.mkn.gov.my/mkn/default/article_m.php?mod=4&fokus=14 (accessed on July 10, 2013).

29. Nathan, "Malaysia: Reinventing the Nation;" Crump, *Asia-Pacific: A History of Empire and Conflict.*

30. Ibid.

31. Humphrey, "Malaysia's Post-9/11 Security Strategy."

32. Syed Ahmad Hussein, "Muslim Politics and the Discourse of Democracy," in *Democracy in Malaysia: Discourses and Practices* (Surrey: Curzon Press, 2002), 74–110; Yoichiro Sato, "Perceptions of Transnational Security Threats in Malaysia and Singapore: Windows of Cooperative Opportunities for the United States," *Issues for Engagement: Asian Perspectives on Transnational Security Challenges* (Honolulu, HI: Asia–Pacific Center for Security Studies, 2010), 140–153.

33. Mark Beeson and Alex Bellamy, *Securing Southeast Asia: The Politics of Security Sector Reform* (New York, NY: Routledge, 2008); Joan Nelson, "Introduction," in *Globalization and National Autonomy: The Experience of Malaysia*, eds. Joan Nelson, Jacob Meerman, and Abdul Rahman Haji Embong (Singapore: Institute of Southeast Asian Studies, 2008), 1–26.

34. Nathan, "Malaysia" Reinventing the Nation."

35. Humphreys, "Malaysia's Post-9/11 Security Strategy."

36. Nathan, "Malaysia" Reinventing the Nation."

37. John Hilley, *Malaysia: Mahathirism, Hegemony and the New Opposition* (York: St. Martin's Press, 2001); Francis Lok Kok Wah and Khoo Boo Teik, *Democracy in Malaysia: Discourses and Practices* (Surrey, UK: Curzon Press, 2002); Gomez, "Introduction."

38. John Lee, "Malaysian Dilemma: The Enduring Cancer of Affirmative Action," *Foreign Policy Analysis* 6, no. 1(2011): 1–20; Nathan, "Malaysia: Reinventing the Nation."

39. Barisan Nasional, "Charting out the people's aspirations, generating global determination," http://www.barisannasional.org.my/en/welcome (accessed on July 10, 2014).

40. Hilley, *Mahathirism*; Beeson and Bellamy, *Securing Southeast Asia;* Chen Ou, "The Influences of the Internalization of International Structure to Malaysia's National Security," *Asian Social Science* 8, no. 3 (2012):151–155; Michael Magcamit, "A Case for Cohabitative Security: The Philippine and Malaysian Experience," *Journal of Human Security* 10, no. 1 (2014): 32–45.

41. Humphreys, "Malaysia's Post-9/11 Security Strategy;" Chen, "The Influences of the Internalization of International Structure;" Magcamit, "A Case for Cohabitative Security."

42. Ibid.

43. Anthony Downs, *An Economic Theory of Democracy* (New York, NY: Harper and Row, 1957), 96.

44. Azizzudin, "Balancing Freedom of Speech and National Security in Malaysia;" Humphreys, "Malaysia's Post-9/11 Security Strategy."

45. Humphreys, "Malaysia's Post-9/11 Security Strategy."

46. David Apter, *The Politics of Modernization* (Chicago, IL: University of Chicago Press, 1965), 314.

47. Claudia Derichs, "Political Crisis and Reform in Malaysia," in *The State of Malaysia: Ethnicity, Equity and Reform*, ed. Edmund Terence Gomez (New York, NY: Routledge Curzon, 2004), 105–129; Bridget Welsh, "Real Change? Elections in the Reformasi Era," in *The State of Malaysia: Ethnicity, Equity and Reform*, ed. Edmund Terence Gomez (New York, NY: Routledge Curzon, 2004), 130–156; Humphreys, "Malaysia's Post-9/11 Security Strategy;" Magcamit, "A Case for Cohabitative Security."

48. Humphreys, "Malaysia's Post-9/11 Security Strategy;" Magcamit, "A Case for Cohabitative Security."

49. Hamayotsu, "Islamisation, Patronage and Political Ascendancy;" Joel Khan, "Islam, Modernity, and the Popular in Malaysia," in *Malaysia: Islam, Society and Politics*, ed. Virginia Hooker and Norani Othman (Singapore: Institute of Southeast Asian Studies, 2003), 147–168; Milner, "How Traditional is the Malaysian Monarchy;" Humphreys, "Malaysia's Post-9/11 Security Strategy;" Magcamit, "A Case for Cohabitative Security."

50. Humphreys, "Malaysia's Post-9/11 Security Strategy;" Magcamit, "A Case for Cohabitative Security."

51. Hilley, *Malaysia: Mahathirism, Hegemony and the New Opposition;* Humphreys, "Malaysia's Post-9/11 Security Strategy;" Bridget Welsh, *Reflections: The Mahathir Years* (Washington, D.C.: Johns Hopkins University Press, 2004); Magcamit, "A Case for Cohabitative Security."

52. Virginia Hooker and Norani Othman, *Malaysia: Islam, Society and Politics* (Singapore: Institute of Southeast Asian Studies, 2003); Humphreys, "Malaysia's Post-9/11 Security Strategy."

53. Nathan, "Malaysia: Reinventing the Nation"; Crump, *Asia-Pacific: A History of Empire and Conflict;* Beeson and Bellamy, *Securing Southeast Asia.*

54. Malaysia Ministry of Foreign Affairs, "ASEAN as the Cornerstone of Malaysia's Foreign Policy," http://www.kln.gov.my/web/guest/asean (accessed on November 23, 2014).

55. Ibid.

56. Welsh, "Malaysia's Elections;" Alexander Sullivan, "Advancing U.S.-Malaysia Security Cooperation in a Changing Environment," *Asia Strategy Series* 1, no. 1 (2014): 1–15.

57. Welsh (2013) argues that regional developments and geostrategic concerns, such as China's continuous rise to global power, play a very important role in explaining the growing international acceptance of Malaysia's competitive authoritarianism. Although Malaysia is more dependent on China for trade and investment at present than on the United States, nonetheless, Prime Minister Najib Razak has been attempting to forge strong bilateral relations in order to better manage domestic challenges. For instance, by participating in the negotiations for the Trans-Pacific Partnership Agreement (TPP), the Malaysian government hopes that the Western powers will be more lenient on its democracy-related issues.

58. Kooh and Wah, *Democracy in Malaysia: Discourses and Practices;* Humphreys, "Malaysia's Post-9/11 Security Strategy;" Lee Poh Ping, "The Look East Policy, the Asian Crisis, and State Autonomy," in *Globalization and National Autonomy: The Experience of Malaysia*, eds. Joan Nelson, Jacob Meerman, and Abdul Rahman Haji Embong (Singapore: Institute of Southeast Asian Studies, 2008), 59–75.

59. Ibid.

60. Mahathir explained that the Malaysian perspective of "Asian values" is based on Malay-Islamic culture and should be protected against absorption by Western values. The three most basic elements of "Malayness"—feudalism, Islam, and *adat* (traditional customs)—should all be accepted as realities of the nation. Mahathir rejected universalism, particularly the Western liberal notion of human rights, which he believed could corrupt Malaysian culture and religious beliefs. Instead, Mahathir accepted the idea of cultural relativism and launched the "Look East" policy in 1982 as a broader campaign against "Western values."

61. Welsh, *Reflections: The Mahathir Years;* Terence Chong, "The Emerging Politics of Islam Hadhari," in *Malaysia: Recent Trends and Challenges* (Singapore: Institute of Southeast Asian Studies, 2006), 22–46; Humphreys, "Malaysia's Post-9/11 Security Strategy."

62. Syed Ali Tawfik Al-attas, Ng Tieh Chuan and Ali Tawfik Al-attas, *Abdullah Ahmad Badawi: Revivalist of an Intellectual Tradition* (Philadelphia, Coronet Books, 2005); Bridget Welsh and James Chin, *Awakening: The Abdullah Badawi Years in Malaysia* (Kuala Lumpur, Malaysia: SIRD, 2013).

63. In Islamic terminology, the term *hadith* refers to reports of statements or actions of Muhammad, or of his tacit approval or criticism of something said or done in his presence.

64. Syed and Chuan, *Abdullah Ahmad Badawi.*

65. Humphreys, "Malaysia's Post-9/11 Security Strategy;" Welsh and Chin, *Awakening: The Abdullah Badawi Years in Malaysia.*

66. Joseph Liow, "The Politics behind Malaysia's Eleventh General Election," *Asian Survey* 45, no. 6 (2005): 907–930.

67. Humphreys, Malaysia's Post-9/11 Security Strategy; Welsh and Chin, *Awakening: The Abdullah Badawi Years in Malaysia.*

68. Hamayotsu, "Islamisation, Patronage and Political Ascendancy."

69. Humphreys, "Malaysia's Post-9/11 Security Strategy;" Magcamit, "A Case for Cohabitative Security."

70. Ibid.

71. Ibid.

72. Hooker and. Othman, *Malaysia: Islam, Society and Politics;* Hamayotsu, "Islamisation, Patronage and Political Ascendancy."

73. In 2004, 70 members of a Muslim sect called *Tarikat Samaniah Ibrahim Bonjol* were arrested in Selangor by Islamic religious authorities. The government claimed that the sect treated the Quran as historical text, which resulted in its "casual" attitude toward prayer and marriage. Malaysia's chief executive, Khir Toyo announced his plan to vanquish some sixty divergent sects operating in Selangor. In 2005, another religious sect in *Terengganu* known as Sky Kingdom was also shut down by the Department of Islamic Development. The government claimed that the movement was propagating documents that countered Islamic teachings. Its leader, Ayah Pin was presented to the public as threat to national security by espousing alternative views on religion and lifestyle that differ from those provided by the government. Aya Pin was not only jeopardizing the country's official religion but also destabilizing the political status quo. See BBC Report, "Malaysian Teapot Worship - The Ayah Pin Cult," http://news.bbc.co.uk/dna/place-lancashire/plain/A38083476 (accessed on July 10, 2014); Human Rights Watch Report, "Malaysia: Protect Freedom of Belief for Sky Kingdom," http://www.hrw.org/news/2005/07/20/malaysia-protect-freedom-belief-sky-kingdom (accessed on July 10, 2014).

74. PAS positions itself as a political party that aims to establish Malaysia as a country based on Islamic legal theory derived from the primary sources of Islam including the Quran, Sunnah, and Hadiths, as opposed to BN's Islam Hadhari, which the PAS rejects as a watered-down interpretation of Islam.

75. Chong, "The Emerging Politics of *Islam Hadhari.*"

76. Humphreys, "Malaysia's Post-9/11 Security Strategy;" Magcamit, "A Case for Cohabitative Security."

77. Ibrahim, "New Economic Policy and the Identity Question."

78. Humphreys, "Malaysia's Post-9/11 Security Strategy;" Magcamit, "A Case for Cohabitative Security."

79. Nathan, "Malaysia: Reinventing the Nation;" Hilley, *Malaysia: Mahathirism;* Gomez, *Politics in Malaysia.*

80. See Malaysia's Internal Security Act of 1960, http://www.agc.gov.my/Akta/Vol.%202/Act%2082.pdf

81. Federation of Malaysia, 'Internal Security Act.'

82. See Malaysia's Sedition Act of 1948, http://www.agc.gov.my/Akta/Vol.%201/Act%2015.pdf

83. Nathan, "Malaysia: Reinventing the Nation"; Beeson and Bellamy, *Securing Southeast Asia.*

84. Khoo and Wah, *Democracy in Malaysia*; Gomez, *Politics in Malaysia.*

85. Johan Saravanamuttu, "The Eve of the 1999 General Election: From the NEP to Reformasi," in *New Politics in Malaysia*, eds. Francis Loh Kok Wah and Johan Saravanamuttu (Singapore: Institute of Southeast Asian Studies, 2003), 1–24; Carolina Lopez, "Globalisation, State and G/Local Human Rights Actors," in *Politics in Malaysia: The Malay Dimension*, ed. Edmund Terence Gomez (New York, NY: Routledge, 2007), 273–300.

86. Nicole Fritz and Martin Flaherty, "Unjust Order: Malaysia's Internal Security Act," *Fordham International Law Journal* 26, no. 5 (2002): 1345–1437.

87. The detainees led by Anwar Ibrahim's wife Wan Azizah Ismail had pressed vocally for the former's release who was convicted of misuse of power and sodomy in trials. Prior to his imprisonment,

Anwar was leading rallies across Malaysia in support of his newly formed reformasi movement, preaching to vast crowds in favour of far-reaching social, political and economic reforms. See Human Rights Watch. "In the Name of Security: Counterterrorism and Human Rights Abuses Under Malaysia's Internal Security Act" http://www.hrw.org/sites/default/files/reports/malaysia0504.pdf (accessed on August 1, 2014).

88. Human Rights Watch, "In the Name of Security."

89. See, Malaysia's Security Offences (Special Measures) Act of 202, http://www.federalgazette.agc.gov.my/outputaktap/20120622_747_BI_Act%20747%20BI.pdf

90. Mickey Spiegel, "Smoke and Mirrors: Malaysia's "New" Internal Security Act," *Asia Pacific Bulletin* 167, no. 1(2012): 1–3.

91. Ibid.

92. Gomez, *The State of Malaysia*; Lorraine Salazar, "Privatisation, Patronage and Enterprise Development: Liberalising Telecommunications in Malaysia," in *State of Malaysia: Ethnicity, Equity and Reform*, ed. Edmund Terence Gomez (New York, NY: Routledge, 2004), 194–228; Lee, "The Look East Policy."

93. Gomez and Jomo, *Malaysia's Political Economy;* Hilley, *Malaysia: Mahathirism.*

94. The government provided the necessary funds to *bumiputras* interested in purchasing shares from various firm. *Non-bumiputra* companies were then directed to absorb all interested *bumiputra* partners. However, the latter had frequently resold their capital shares just shortly after acquisition. The *bumiputras* also took control of PERNAS subsidiaries that operated in insurance, trading, construction, properties, engineering, securities, and mining. PERNAS was created to buy businesses and form joint partnerships with private firms, as well as to nurture developing industries that would be held in trust until the *Bumiputras* obtained adequate experience to take them over. Finally, lucrative government procurements and contracts were offered virtually to *bumiputras*, while non-*bumiputras* had to settle as sub-contractors. See, Salazar 2004; Mandal 2004; Lopez 2007; Meerman 2008; Nelson 2008; Tham 2008.

95. United Nations Development Program. "Malaysia: International Trade, Growth, Poverty Reduction, and Human Development." Accessed on July 24, 2014. http://www.undp.org.my/uploads/UNDP_Booklet_PDF_FORMAT.pdf; Meerman, "The Malaysian Success Story."

96. Gomez and Jomo, *Malaysia's Political Economy;* Hilley, *Malaysia: Mahathirism.*

97. Hamayotsu, "Islamisation, Patronage and Political Ascendancy;" Mandal, "Transethnic Solidarities."

98. Nathan, "Malaysia: Reinventing the Nation;" Faaland et al., *Growth and Ethnic Inequality.*

99. Meerman, "The Malaysian Success Story," 91.

100. Most of the privatized enterprises came under the management of *bumiputras*, while ownership functions remained under the control of ministries and government boards. By 1984 the government acquired more than a thousand firms from purchasing foreign companies and developing new ventures. Between 1986 and 1994, however, a large number of these firms had been liquidated and divested due to poor performances. See Jomo and Gomez 1997; Gomez 2005; Lopez 2007; Meerman 2008.

101. Salazar, "Privatisation, Patronage and Enterprise Development;" Meerman, "The Malaysian Success Story."

102. Lee, "The Look East Policy."

103. Gomez and Jomo, *Malaysia's Political Economy;* Salazar, "Privatisation, Patronage and Enterprise Development."

104. Politicians, alongside business entities connected to them, were usually favored by the system in-charged of distributing subsidies. By the end of the century, most of these newly erected firms had gone out of business, either due to bankruptcy or expulsion of their proprietors from the government's most-favored list; that is, "de-patronaged." The key members of the *bumiputra* business class heavily relied on the patronage of powerful politicians. Their capacity to generate profit and accumulate wealth largely depended on the relative influence of their patrons. See, Khoo and Wah 2002; Meerman 2008.

105. Meerman, "The Malaysian Success Story."

106. Ibid.

107. Gomez, *Politics in Malaysia: The Malay Dimension*; Ragayah, "Poverty Eradication, Development, and Policy Space in Malaysia."

108. In fact, the persisting gap is primarily caused by a significant percentage of *bumiputras* employed in low-income sectors found in rural parts of the country. In addition, a portion of this gap can be explained by the large concentration of *bumiputras* in government sectors, which traditionally offers lower wages than private firms. Further, the gap is also prone to overestimation, given that a wide range of subsidies that are exclusively available to *bumiputras* are not accounted when calculating household incomes. See, Meerman 2008; Nelson 2008; Ragayah 2008; Lee 2011.

109. Meerman, "The Malaysian Success Story;" Nelson, "Introduction;" Ragayah, "Poverty Eradication, Development, and Policy Space in Malaysia."

110. Hilley, *Malaysia: Mahathirism*; Lee, "The Look East Policy;" Welsh, *Reflections: The Mahathir Years.*

111. Gomez, *The State of Malaysia*; Abdul Rahman Embong, "Developmentalist State in Malaysia: Its Origins, Nature, and Contemporary Transformation," in *Globalization and National Autonomy: The Experience of Malaysia*, eds. Joan Nelson, Jacob Meerman, and Abdul Rahman Haji Embong (Singapore: Institute of Southeast Asian Studies, 2008); Meerman, "The Malaysian Success Story;" Joan Nelson, "Conclusions," in *Globalization and National Autonomy: The Experience of Malaysia*, eds. Joan Nelson, Jacob Meerman, and Abdul Rahman Haji Embong (Singapore: Institute of Southeast Asian Studies, 2008), 301–320.

112. Gomez and Jomo, *Malaysia's Political Economy;* Nathan, "Malaysia: Reinventing the Nation;" Hilley, *Malaysia: Mahathirism.*

113. Embong, "Developmentalist State in Malaysia;" Meerman, "The Malaysian Success Story;" Joan Nelson, "Conclusions."

114. UNDP, *Malaysia: International Trade, Growth, Poverty Reduction, and Human Development*; Nelson, "Conclusions;" Tham, "Trade Liberalization and National Autonomy."

115. Gomez, *Politics in Malaysia;* Nelson, "Conclusions;" Lee, "The Look East Policy."

116. Francis Loh Kok Wah, "Towards a New Politics of Fragmentation and Contestation," in *New Politics in Malaysia*, eds. Francis Loh Kok Wah and Johan Saravanamuttu (Singapore: Institute of Southeast Asian Studies, 2003), 253–282; Mandal, "Transethnic Solidarities;" Lopez, "Globalisation, State and G/Local Human Rights Actors."

117. Derich, "Political Crisis and Reform in Malaysia;" Sumit Mandal, "The National Culture Policy and Contestation over Malaysian Identity," in G*lobalization and National Autonomy: The Experience of Malaysia*, eds. Joan Nelson, Jacob Meerman, and Abdul Rahman Haji Embong (Singapore: Institute of Southeast Asian Studies, 2008), 273–300; Ibrahim, "The New Economic Policy."

118. UNDP, *Malaysia: International Trade, Growth, Poverty Reduction, and Human Development;* Meerman, "The Malaysian Success Story;" Nelson, "Conclusions;" Lee, "The Look East Policy."

119. See Malaysia's National Integrity Plan 2004, http://www.pmo.gov.my/dokumenattached/Dasar/NIP.pdf

120. Bureaucratic efficiency and integrity issues are somewhat influenced by the level of salaries and benefits being offered in various government sectors. Improved salary schemes, therefore, such as annual income increments, are expected to change the negative practices and attitudes commonly attributed to civil servants. See I 2013, http://www.themalaysianinsider.com/malaysia/article/minimum-wages-new-salary-schemes-will-increase-household-income-bernama; and *Free Malaysia Today* 2013, http://www.freemalaysiatoday.com/category/nation/2013/03/11/rm1-5b-salary-boost-for-civil-servants/

121. Nelson, "Conclusions," 320.

122. Federation of Malaysia, "1936 Constitution of Malaysia" http://www.jac.gov.my/images/stories/akta/federalconstitution.pdf (Accessed on August 27, 2014).

123. Gomez and Jomo, *Malaysia's Political Economy;* Nathan, "Malaysia: Reinventing the Nation;" Khoo and Wah, *Democracy in Malaysia: Discourses and Practices;* Mandal, "Transethnic Solidarities;" Nelson, "Conclusions."

124. Welsh, "Malaysia's Elections: A Step Backward."

125. Ibrahim, "The New Economic Policy."

Article

Games, Changes and Fears: Exploring Taiwan's Cross-Strait Dilemma in the Twenty-first Century

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Abstract

This article examines Taiwan's cross-strait relations with China by analyzing the linkages between their respective security interests and free trade objectives in the twenty-first century. It argues that these entanglements induce a scenario akin to the prisoner's dilemma that compels Taiwanese leaders and policymakers to preserve the Chinese-dominated cross-strait status quo. To enhance their political appeals during general elections, the major political parties in Taiwan are being forced to cooperate with each other, albeit artificially. By adopting a parallel, watered-down approach to sensitive political issues, particularly with respect to Taiwan's sovereignty status, the omnipresent China factor is being legitimized further. Such an approach homogenizes the parties' political agendas with respect to Taiwanese autonomy which leads to the island's perpetual entrapment within the One-China trajectory. Using original and secondary sources in the empirical analysis of the security–trade nexus mainly from the Taiwanese perspective, the article highlights the slow yet steady co-optation of Taiwan's sovereign interests within China's sinicization project.

Keywords

Taiwan, China, cross-strait dilemma, security–trade nexus, political parties

Games, changes and fears…
When will they go from here?
When will they stop?

Macy Gray, 1999

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Introduction

In the traditional version of the prisoner's dilemma, an arresting police officer interrogates two suspects in separate rooms. They have two options: either implicate each other by confessing or cooperate with each other by remaining silent. Regardless of how the other reacts, each party improves his own position through confession. In the event that one of them confesses, then it will be in the best interest of the other party to confess as well to avoid greater penalty. However, if the other decides to remain silent, the one who confesses is rewarded with less punishment. Confession, therefore, becomes the dominant strategy for both suspects. Yet ironically, when the two parties decide to confess, the punishment is worse for both than when both keep quiet.[1]

The concept of prisoner's dilemma has some practical applications to Taiwan's cross-strait relations with China in the twenty-first century. Consider the two major political parties in Taiwan: the Kuomintang Party (KMT) and the Democratic Progressive Party (DPP). Each party is looking for ways to enhance its relative political appeal in order to win over the electoral masses. Both parties are expected to decide on, and announce their respective cross-strait policies and strategies towards China. If the KMT accuses the DPP of pursuing a pro-independence policy that can potentially destabilize the relatively peaceful and stable cross-strait environment, the former wins over the voters at the expense of the latter. Similarly, if the DPP accuses the KMT of supporting the One-China principle which Taiwanese voters may view as an assault to Taiwan's sovereignty, the former wins over the electorates at the expense of the latter. Here, the 'accusation strategy' is akin to the prisoner's confession, while the 'agreement strategy' is parallel to the prisoner's silence in the prisoner's dilemma story. Suppose that the former is labelled as 'cheating', while the latter is labelled as 'cooperation'. Cheating, therefore, becomes the parties' dominant electoral strategy. However, the outcome when both parties cheat is worse for each party than the outcome when both parties cooperate. Such considerations are compelling the two parties to adopt a parallel, watered-down approach to handling difficult political issues—particularly the Taiwanese sovereignty—to minimize electoral risks. This dilemma further strengthens the prevailing status quo, which in turn, results in the continued imprisonment of Taiwan inside the 'dragon's den'.

In light of this, the article critically examines the process through which Taiwanese officials and policymakers have contributed to the continuation of Taiwan's politico-diplomatic 'imprisonment' within the ever-progressing sinicization project.[2] The underlying assumption is that the preservation of the cross-strait status quo continues to imprison the Republic of China (ROC) within the People's Republic of China (PRC's) One-China trajectory. At the heart of the problem are uncertainties with regard to the real impact of cross-strait economic relations on Taiwan's de facto sovereignty. On the one hand, the KMT believes that in order to protect Taiwan's remaining political freedom the government must facilitate closer economic cooperation with China (Chow, 2011; Lee, 2010; Wang, Chen & Keng, 2010; Zhao & Liu, 2010). On the other hand, the DPP argues that such a strategy inevitably pulls Taiwan towards political unification with China (Clark & Tan, 2010, 2012; Hsieh, 2011; Rigger, 2010).

Meanwhile, from the point of view of non-state actors—from the elite business sectors worrying about their profits, to grassroots civil societies fearing for their jobs—revisionist policies are welfare-threatening. As such, political parties promoting a rather extreme approach to managing cross-strait relations that subverts the status quo are at risk of losing their electoral support base (Clark & Tan, 2010, 2012; Kastner, 2006, 2013). Taiwanese parties, therefore, tend to veer away from the debates and dialogues that require them to give direct comments about Taiwan's de jure independence. Instead, a watered-down version of cross-strait rhetoric stripped of One-China or 'Two Chinas' undertone is preferred. Yet by doing so, Taiwan is perpetually ensnaring itself within the Chinese politico-diplomatic confinements.

Beyond the domestic level, it may be well argued that although there is a strong desire on the part of Taiwanese political parties to break Chinese stranglehold, certain structural limits in the international system prevent them from doing so. Hence, the article also explores some of the external factors that restrain Taiwan's action, along with their possible consequences and ramifications to Taiwanese domestic politics.

The article attempts to answer the following sets of question. First, how do the entanglements between Taiwan's security considerations, on the one hand, and free trade objectives, on the other, affect its cross-strait relations with China? Do they reinforce or weaken Taiwan's quasi-sovereignty status in the international system? Second, what factors—both internal and external—influence Taiwan's political and economic engagement strategies with respect to China? How do they affect Taiwan's capacity for escaping Beijing's One-China trajectory?

To answer these questions the paper analyzes Taiwan's security and trade entanglements with China. The idea is to empirically explain the decision of Taiwanese leaders and policymakers to retain the island's quasi-independent status instead of pursuing de jure sovereignty. Taiwan's unique geo-political status compels its leaders to resign themselves to the uncertainties and vicissitudes of the established cross-strait environment in the hope of preserving its left-over sovereign space underpinning its de facto autonomy. However, such a decision further reinforces the status quo, forcing state managers to strategically balance the country's geo-political strategies with its geo-economic interests. The Taiwanese dilemma, therefore, is two-directional. On the one hand, recalibrating the current arrangement by promoting either political unification or de jure independence invariably reduces Taiwan's sovereign space given China's aggressive promotion of One-China policy. On the other, pursuing either 'warm' or 'cold' economic relations with China also inevitably results to shrinking sovereign space given the likelihood of overdependence.

The article is divided into four sections. The second section discusses the results from key informant interviews (KIIs) conducted with three Taiwanese officials that focused on the paper's three main themes: national security, free trade and the nexus between the two. The goal is to provide a general understanding of first, how Taiwan's security interests and trade objectives are being linked together; and second, how these linkages determine the government's political and economic engagement strategies with respect to China. The third section is

divided into two subsections and investigates the internal and external factors influencing the Taiwanese dilemma respectively. The goal is to assess the potential consequences and ramifications of these factors to Taiwan's domestic politics, on the one hand, and examine the country's capacity to escape from China's politico-diplomatic entrapment, on the other. The fourth section summarizes the article's main points and concludes that Taiwan is trapped in what appears to be a perpetual prisoner's dilemma.

Understanding Taiwan's Security–Trade Nexus: Views from the Top

Table 1. Summary of Key Informant Interviews*

	On National Security	On Free Trade	On Security-Trade Nexus
Informant 1 *Taiwan WTO and RTA Center* (Deputy Director)	Three 'Ds' in cross-strait relations (distrust, disengagement, distance) threaten national security	Trade is both politically and economically motivated	Free trade agreements must promote peace with China, integration with the US, and friendship with Japan
Informant 2 *Chung-Hua Institution for Economic Research (CIER)* (Associate Research Fellow)	Economic insecurity is a threat to national security	Trade is key to 'normalization' of cross-strait relations	Trade is tool for resolving Taiwan's excessive dependence on China
Informant 3 *Democratic Progressive Party (DPP)* (Director of Department of China Affairs)	Free trade agreements must promote peace with China, integration with the US, and friendship with Japan	International trade is a national security issue that can be more effectively addressed through WTO than regional/ transregional FTAs	The One-China policy is both an impetus and a constraint for Taiwan's trade diplomacy agendas

Source: Author's first-hand interviews with key informants.

Note: * Representatives from three different sectors participated in the interviews to provide comments and insights on the article's three main themes, namely: national security, trade liberalization and security–trade linkages in Taiwan. These are the following: (*a*) Deputy Director at Taiwan WTO and RTA Center (hereafter, Informant 1); (*b*) Associate Research Fellow at CIER or Chung-Hua Institution for Economic Research (hereafter, Informant 2); and (*c*) Director of Department of China Affairs at DPP or Democratic Progressive Party (hereafter, Informant 3). In the first part of the interviews, the participants discussed their general views on the concept of national security in Taiwan. In the second part, they discussed this security concept in relation to the country's participation in various free trade activities. And in the third part, the informants discussed the linkages between the country's security considerations and free trade objectives.

On Taiwan's National Security

Three key points emerged from the discussions concerning Taiwan's national security: the cause of insecurity, the effect of insecurity and the goal of security. Prior to 2008, Taiwan adopted a number of politically sensitive programs that deviated from the general principles of the One-China policy. The segregating effect of the physical distance between Taiwan and China was aggravated by psychological barriers resulting in mutual distrust and disengagement. These three 'Ds'—distance, distrust and disengagement—significantly contributed to the paranoia being felt by both the Taiwanese and Chinese officials due to behavioural uncertainties emanating from both sides of the Taiwan Strait. This mutual paranoia and suspicion have had a tremendous influence on the PRC's attitude towards the ROC's economic activities which the former sees as 'sovereignty-upgrading' mechanisms (Magcamit & Tan, 2015). As Informant 1 pointed out:

> The Taiwanese government believes that the country must enjoy its freedom to pursue regional economic integration with other countries. The Chinese government, however, felt that a dialogue with Taiwan will be a necessary preliminary step. While Taiwan argues that it is not obliged to seek for permission from China regarding this issue, nonetheless, it recognizes the importance of accommodating the latter's concerns with respect to One-China policy. Taiwan, therefore, makes the case that its pursuit of preferential trade, for example, must not be interpreted as rejection of One-China policy, and the best way to prove this is to show by example. The idea of 'normalization' of cross-strait relations is a non-political label that neither challenges nor accepts the One-China policy.[3]

Hence, Taiwan's insecurity is largely induced by fears over cross-strait interactions. Taipei's foreign economic policies are believed to be hijacked by Beijing to force the former to comply with the latter's One-China doctrine thereby preventing the emergence of Two Chinas. Critics argue that such forceful exertion of Chinese influence over Taiwan's foreign affairs in general threatens the latter's national security. Accordingly, for most Taiwanese officials and policymakers, the China factor remains a serious impediment to Taiwan's economic policymaking procedures. As Informant 2 stated:

> China's meteoric economic rise has made it difficult for other countries to conduct any type of business with Taiwan as they are now facing an 'either–or' situation—either they are with China or with Taiwan. The reluctance of third countries to engage Taiwan demonstrates the extent to which the Chinese economic influence is altering the former's foreign economic policy options while simultaneously constraining the latter's.[4]

Obviously, the way out for Taiwan is both challenging and difficult given China's seemingly uncompromising views towards cross-strait management. While the island's economic statecraft is designed to limit its excessive dependence on the Mainland to the extent of offering asymmetric concessions to prospective partners other than China, nevertheless, Beijing's overwhelming presence significantly

undermines Taipei's freedom to navigate its own diplomatic space. In the words of Informant 3:

> Liberty and freedom are the ultimate expressions of national security. The freedom and liberty to choose instead of being dictated by external forces can only be achieved through democratization of the political processes in the country. Taiwan is governed by law, by constitution. The DPP as a liberal party upholds liberal values and principles. It pushes the government to observe and implement the fundamental covenants of the United Nations including civil and political rights, as well as economic, social and cultural rights. The present government, however, is side-tracking the goal of achieving sovereignty from China.[5]

Overall, based on the statements made by the Taiwanese officials, China's expanding zone of influence is contracting Taiwan's de facto sovereign space. Taipei's failure to pursue its political and economic agendas independently threatens the foundations of its national security. Securing Taiwan's sovereign space, therefore, becomes crucial to achieving the freedom and liberty to realize its national objectives without the interference of other states particularly China.

On Taiwan's Free Trade Activities

As argued earlier, China's encroachment of Taiwan's sovereign space poses significant threats to the latter's national security. And for Taiwanese officials, free trade has been increasingly viewed as a key strategy for cultivating diplomatic relations with other countries and mitigating the island's overdependence on the Mainland. The freedom to engage with prospective partners other than the PRC in various types of trade arrangement is deemed crucial for the expansion of Taiwan's sovereign space. Based on the interviews conducted, free trade performs three important functions: as a platform for regional economic and political integration; as a key to cross-strait normalization; and as a tool for minimizing overdependence on China. These functions underline free trade's reinforcement effects with respect to Taipei's sovereign space amid threats being induced by the One-China policy. With regard to trade's role as a platform for regional economic and political integration, Informant 1 commented that:

> Economic integration must be differentiated from political integration. With respect to free trade agreements (FTAs), for example, some may be politically motivated, while others are economically motivated. In the case of China, FTAs being negotiated and concluded are designed to achieve political and strategic objectives rather than economic ones. In that sense, all Chinese FTAs are meant to serve political objectives, after all, everything is meant to protect the political agenda. In the case of Taiwan, however, this is not necessarily true. For instance, under the proposed US–Taiwan FTA, the US is only asking Taiwan to match its tariff rates. In doing so, Taiwan needs to harmonize its regulatory regimes to improve transparency necessary for maximizing its benefits, while minimizing the costs of concessions. The Taiwanese policymaking circles have agreed that although external political pressures play a crucial role in the inception of

> US–Taiwan FTA, however, expected economic benefits justify the need to enforce the said trade agreement. Taiwan's chief economists and political analysts are very optimistic about China's relaxation of its policies in relation to Taiwan in light of Hong Kong's successful conclusions of bilateral FTA with Chile and New Zealand.[6]

In other words, limiting bilateral trade with China is similar to putting too many eggs in one basket which inevitably creates dependency problem for Taiwan. The risk of being captured by China in economic sense is quite high. Informant 1 further highlighted Taiwan's unique case by comparing it with Mexico's bilateral trade relations with the US:

> In the case of US–Mexico bilateral trade, although eighty per cent of Mexico's total export goes to the US, the absence of geo-political tension between the two makes it less risky. The opposite is true in the case of Taiwan and China since we have to prepare for the rainy days. We clearly need to reduce the high level of dependency on China by diversifying, that is, joining more bilateral and plurilateral FTAs.[7]

Meanwhile, the role of free trade in normalization of cross-strait relations is viewed in the context of Taiwan's WTO membership. Prior to the country's accession, much of Taiwan's economic insecurities emanated from the most-favoured-nation (MFN) status accorded by WTO members to one another. The Taiwanese government, therefore, has deemed free trade as a national security issue that could be effectively addressed through WTO membership. During the negotiations, several trade experts had expressed scepticism towards the WTO, citing discouraging results from various econometric simulations. Yet 10 years after its controversial entry in the WTO in 2002 as a separate customs territory, new empirical studies have shown free trade's positive impacts on the Taiwanese political economy.[8] Similar to other countries that have adopted neoliberal economic policies, however, not all sectors in Taiwan have experienced positive growth including agriculture.[9] Nevertheless, Informant 2 asserted that Taiwan's acceptance to the WTO was a significant milestone in the country's foreign affairs history, especially when viewed in the context of Beijing tight grip on Taipei's diplomatic manoeuvrings:

> On the one hand, Taiwan's accession to the WTO facilitated the normalization of cross-strait relations. But while the WTO is aware of Taiwan's discriminatory practices against China's products, the latter does not file complaints to the Dispute Settlement Mechanism (DSM) since doing so would implicitly validate Taiwan's claim as a legitimate sovereign state. On the other, the intensification of East Asia's desire for establishing regional economic integration via FTAs, has given China a new tool for further isolating Taiwan from vital political and economic activities in the region. At the same time, the implementation of Economic Cooperation Framework Agreement (EFCA) between the two countries has resulted to overdependence on China.[10]

While multilateralism is still largely viewed as the optimal tool for economic statecraft, Taiwan's relatively small size, however, substantially limits its influence over trade negotiations at the multilateral level. The second-best option for Taiwanese policymakers, therefore, is to engage more in bilateral and plurilateral FTAs. But the ubiquitous Chinese influence in the region has once again derailed

Taiwan's bids for preferential FTAs with other prospective partners.[11] As Informant 2 (2013) claimed further:

> Taiwanese officials expected that the passage of ECFA would pave the way for more FTAs with different countries but failed to materialize immediately due to the ambiguity surrounding its sovereign status. In short, sovereignty still matters. Attempting to establish diplomatic relations with other countries seems futile when a powerful neighbour opposes it. WTO is becoming less and less of an issue when compared with preferential FTAs.[12]

Within Taiwan's policy circles, the general consensus is that the country must continue to engage China while it attempts to establish its own FTAs with neighbouring countries. Although cross-strait relations have significantly improved after the restoration of three direct links in 2008—postal, transportation and trade—however, this should not give Taiwanese leaders a false sense of security. As Informant 3 (2013) stressed:

> While the DPP does not oppose normalization of cross-state relations, nonetheless, it wants to establish relations with other states other than China. Although the US is adhering to One-China policy, however, it does not have a Once China principle since it does not support Taiwan's unification with China for some politico-strategic reasons.[13]

Overall, based on these comments made by Taiwanese officials, free trade is a critical element of Taiwanese statecraft. Beyond classical economic considerations, FTAs are fuelled by vital politico-strategic motives that help broaden and deepen Taiwan's sovereign space. To this extent, the whole process of free trade acquires a new 'utility function', that is, as a 'sovereignty-upgrading' mechanism (Magcamit & Tan, 2015). The last section of the interviews discusses the policy positions being endorsed by these various institutions with regard to Taiwan's efforts at linking security issues and FTAs within the national security agenda.

On Taiwan's Security–Trade Nexus

Informant 3 argued that in order to preserve Taiwan's national security, cross-strait dialogues must promote peace with China, closer integration with the US, and friendship with Japan.[14] Taiwanese think tanks believe that one way to reach these conditions is to vigorously incorporate the world's three biggest economies when crafting ROC's foreign trade policies both at the multilateral and regional levels. Informant 1 made a case for Taiwan's active involvement in WTO processes vis-à-vis the need for serious partners to establish preferential trade with:

> There are two types of WTO members: rule makers and rule followers. This has always been the unwritten rule. Taiwan is definitely not a rule making country. Rules are drafted by the G8 countries. Since Taiwan depends on trade with the rule making countries, the objective is to make money instead of distorting the money-making process. Therefore, it is a systematic issue and not a trade issue per se for as long as subsidies are kept

> at minimum. With respect to regional FTAs, it will be more advantageous to join the Trans-Pacific Partnership (TPP) than ASEAN since we should always aim high in order to facilitate domestic reforms. High standards must be used as benchmarks to solve for inefficiencies. In terms of coverage, ASEAN+N and TPP are almost the same. The passage of an East Asia free trade will undermine Taiwan's need to join ASEAN+N. Despite the proliferation of regional and trans-regional FTAs, the WTO still remains as the optimum choice. It is important to note that the Doha impasse does not mean the death of WTO.[15]

Meanwhile, Informant 2 maintained that policy recommendations need to identify who the real stakeholders are. In the case of the Economic Cooperation Framework Agreement (ECFA), the communication between the government and the public has been unsuccessful as evidenced by contrasting views and lack of consensus about its significance across different sectors.[16] Informant 2 also hinted about the influence of economic, as well as strategic incentives being derived from trade agreements with respect to the prevailing political climate in Taiwan:

> For members of the opposition, ECFA is a politically sensitive topic affecting the country's national security. For the local farmers, it is an economic issue threatening their livelihoods due to lack of capacity to compete with imported products. For ordinary citizens, it is a looming social concern that vindicates their distrust toward China. Although in general, the concern about China's aggressive policy stance toward Taiwan has considerably declined over the past few years, the return of Democratic Progressive Party (DPP) to power might once again, aggravate cross-strait relations due to their explicit rejection of One-China policy. Despite President Ma's declining popularity, the likelihood of DPP replacing KMT as the dominant political party in Taiwan remains slim given the significant strategic and economic considerations at stake.[17]

Informant 3, however, questioned such statements and claimed that the party now has a strong chance of replacing KMT considering the significant decline in the incumbent president's popularity.[18] Informant 3 argued that One-China policy is both an impetus and a constraint for Taiwan's trade diplomacy agendas. As such, DPP is framing policies that are more amicable and less defiant towards the PRC, contrary to popular beliefs that it is espousing radical anti-Sino principles. Moreover, the DPP, according to Informant 3 espouses a human-centric security:

> Human security in the domestic context is the security in income, gender equality, and labour rights. It puts more emphasis on the rights of the people and the communities. It places more attention on equality issues between men and women. The biggest security concern among Taiwanese is still economic insecurity, although relatively speaking they have better social security system as opposed to other countries. The continuous decline in government tax revenues adversely affects different sectors of the population.[19]

Overall, based on the comments provided by the informants, security considerations and trade agendas are fundamentally interlinked to each other. This is particularly relevant in the case of Taiwan given the geo-political context in which the country's domestic and international political economy is embedded. The

overarching China factor significantly restrains Taiwan's de facto sovereign space, and in doing so, is undermining the latter's national security. Harnessing the geo-political and geo-economic powers of FTAs, therefore, becomes a crucial element of Taiwan's foreign policymaking. However, the One-China framework governing cross-strait relations can simultaneously stimulate and constrain Taiwan's sovereign space. On the one hand, it can motivate Taiwan to enhance its diplomatic ties with other countries through FTA creation that minimizes dependence on China. On the other, China's wherewithal to effectively employ 'diplomatic blackmail' against any county that violates its One-China principle by establishing state-to-state relations with Taiwan, implies that Taiwan's foreign policies can only be applied exclusively in Chinese terms. This is the dilemma that is confronting Taiwanese political parties at present and the reason why they tend to have a homogenous stand on the sovereignty issue, that is, the freezing of Taiwan's de jure independence.

Internal and External Factors Influencing the Taiwanese Dilemma

Several factors influence the capacity of Taiwanese political parties and their respective leaders for thawing the politico-diplomatic barriers induced by Beijing's One-China policy. These are: popularity of nationalist objectives, viability of political unification, level of economic interdependence and atmosphere in the multilateral environment. The first and second factors represent internal constraints sustaining the Taiwanese dilemma, while the third and fourth factors deal with the external constraints reinforcing it. It is worth noting, however, that these factors are all interconnected and therefore tend to overlap. Together, they help explain the limits to the ROC's political and economic engagement strategies with respect to the PRC that undermine its attempts to escape from the ever-progressing One-China trajectory.

Internal Factors

Popularity of Nationalist Objectives

Defending ROC's political and economic autonomy against the backdrop of preponderant Chinese power demands a heightened sense of Taiwanese nationalism based on collective idea of civic commonality as opposed to ethnic, religious or linguistic ties (Drover & Leung, 2001). This notion became the basis of the 'New Taiwanese' rhetoric introduced by ROC's former president, Lee Teng-hui in 1988 that symbolized the government's reconciliatory efforts towards the mainland (Brown, 2004; Clark & Tan, 2010, 2012; Rigger, 1999). The new Taiwanese according to Lee is a 'living community in which all the people commonly living in Taiwan struggled for and [were] dedicated to Taiwan and the Republic of China, irrespective of the time of coming to Taiwan, languages or regions' (Drover & Leung, 2001, p. 22).

At the heart of the doctrine is the amalgamation of politics, ethnicity and economics manifested in the convergence between nationalist ideals and free trade objectives (Drover & Leung, 2001). But while free trade has been instrumental for reviving nationalist aspirations in Taiwan, at the same time, however, it significantly boosted China's influence over the country's internal and external affairs (Bolt, 2001; Clark, 2009; Clark & Tan, 2010, 2012; Gold, 2009, 2010; Hirschman, 1945; Wang, 2000). This has severely understated the importance of nationalist objectives in favour of short-term economic gains.

Different political actors have different views regarding the possible impact of cross-strait trade relations on Taiwan's statehood. While the pan-green forces depict cross-strait engagements as threats to national security, the pan-blue forces highlight the security-enhancing features of such engagements. Despite the DPP's warning about the imminent dangers being posed by deeper economic integration with China on national security, the KMT has still actively campaigned for enhanced Sino partnership to take advantage of the PRC's economic boom (Chow, 2011; Clark & Tan, 2010, 2012; Lee, 2010; Wang et al., 2010; Zhao & Liu, 2010).

Therefore, it is interesting to see how ordinary Taiwanese view cross-strait relations. During the time of then-President Chen Shui-bian of the DPP, a survey conducted by the National Chengchi University (NCCU) in April 2007 revealed that cross-strait relations were viewed more as threats to national security instead of reinforcements. Results showed 61 per cent of the respondents demanding for regulations on cross-strait relations; 35 per cent requesting for loosened restrictions; and only 4 per cent favouring the current status quo (Clark & Tan, 2012). Following Ma's election in 2008, a similar survey was conducted that saw the percentage of Taiwanese population wanting stricter regulations increased to 71 per cent while those calling for more relaxed policies decreased to 26 per cent (Clark & Tan, 2012). These figures underscore the largely pessimistic views being held by Taiwanese citizens towards ROC's dealings with the PRC, especially after signing the agreement for the reopening of direct links to cross-strait relations. To some extent, these findings reflect the persistence of Taiwanese nationalism amid the overcoming China factor.

The passage of ECFA, however, has altered Taiwanese perception towards the Chinese government in general but not without the great polarization of local opinion. On the one hand, the influential business sectors along with the top political elites are largely supportive of the ECFA, highlighting its huge economic gains as the primary impetus for ratification of the agreement (Clark & Tan, 2012; Hsieh, 2011; Wang et al., 2010). On the other hand, parties opposed to any political unification plans, along with other local firms adversely affected by the agreement, argue that the ECFA symbolizes President Ma Ying-jeou's long-term interest in selling Taiwan's sovereignty by ceding all its political and economic authorities to the Mainland (Gold, 2009, 2010; Hong, 2012; Tien & Tung, 2011). Nevertheless, results from the surveys conducted by the Mainland Affairs Council (MAC) in 2010 indicated a generally favourable Taiwanese attitude towards the ECFA. Of the total number of respondents, 60 per cent agreed that ECFA has the potential to create long-term positive impacts to the economy; 23 per cent

expressed less optimism about its intended effects; while the remaining 11 per cent were neither supportive nor antagonistic towards the project.

ECFA supporters argue that the citizens' favourable view towards the agreement is largely driven by the satisfying conditions it generates. Among survey participants, 67 per cent expressed satisfaction with the ECFA and only 33 per cent claimed dissatisfaction (MAC, 2010). With regard to ECFA's latent security threats against Taiwan's sovereignty, 34 per cent believed that the agreement could undermine the country's overall autonomy but a much larger 66 per cent downplayed the significance of these threats (MAC, 2010). Finally, with respect to ECFA's role in Taiwan's FTA promotion, 71 per cent of the respondents viewed the agreement as a necessary instrument for capturing more FTAs in the future, thus, implying its capacity for enhancing the country's sovereign status (MAC, 2010).

These results suggest that Taiwan's management style with respect to cross-strait relations is more fluid than what might have been initially expected. Taiwan's pragmatic engagement approach with China has significant influence on the diplomatic climate between the two governments. The island's speedy recovery from the global recession in 2009, coupled with the far-fetched warnings from the DPP with regard to the ECFA implementation, has further improved the Chinese image (Clark & Tan, 2010, 2012; Magcamit & Tan, 2015).

However, it is important to stress that the volatility of present conditions prevents Taipei from fully trusting in the future of cross-strait relations. The high level of hostility (67 per cent) felt by Taiwanese near the end of President Chen's term in 2007, for instance, highlighted the lingering suspicions towards Chinese intentions. While this level of perceived hostility has diminished few months after President Ma's assumption to presidency (53 per cent), the ongoing Chinese military operations involving contested islands in East and Southeast Asia continue to heighten anxieties over wider and deeper forms of cross-strait interactions (MAC, 2010).

For the DPP, nationalist objectives such as the quest for national sovereignty, identity, territory and ethnic justice, are all deeply interwoven into its democratization agenda (Clark & Tan, 2012; Rigger, 2010). Replacing authoritarianism with democracy requires a propagation of Taiwanese nationalism necessary for overthrowing a China-centric regime and declaring non-negotiable freedom from the Mainland (Gold, 1986; Wachman, 1994). The DPP officials expected that by leading the nation in the pursuit of independence, the citizens would acknowledge their efforts by giving them the votes they needed to win government seats (Clark & Tan, 2010, 2012). Conversely, the KMT leaders heavily relied on the expected spillover effects of Taiwan's economic miracle to justify their position that favoured the maintenance of cross-strait status quo order (Clark & Tan, 2010, 2012). Hence, while the DPP was adamant in endorsing a state-to-state approach when dealing with the PRC; the KMT was cautious in implementing its own version of the One-China principle despite its statements suggesting that the ROC is the legitimate government of all China (Hsieh, 2011; Rigger, 2010).

The results of the 1991 elections, however, forced the DPP to take a more restrained rhetoric after suffering a landslide defeat against the KMT. Since the explicit denouncement of One-China policy proved to be electorally costly and

politically infeasible at least in the short run, the DPP started to relax its policy on sovereignty and began to craft a new discourse emphasizing the country's de facto, rather than de jure, independence from China (Clark & Tan, 2012; Rigger, 2010). This resulted to internal conflicts amongst the DPP factions which eventually led to defections of its pro-independence members and and the eventual establishment of the Taiwan Independence Party (Clark & Tan, 2012; Rigger, 2001; Wang, 2000).

The failure of nationalist objectives to bring about electoral success underlines their limits to securing Taiwan's sovereign space. Extreme nationalist propositions in relation to Taiwan's contested statehood yield low numbers of vote for the respective parties espousing them. This reflects the public's fear that proposals for either complete unification or absolute independence severely undercut the existing cross-state stability stability. Interestingly, a huge segment of the voting population prefers the preservation of the status quo, or the so-called 'normalization' of cross-strait relations (Hsieh, 2002, 2011; C.W. Huang, 2009). As a result, Taiwanese political parties, specifically the KMT and the DPP, are being compelled to soften their nationalist objectives by taking a middle ground in attempts to placate the increasingly sceptic citizens and win their votes (Clark & Tan, 2012; Lin, 2001; Wang, 2000). But in doing so, the agendas designed to enhance Taiwanese politico-diplomatic sovereignty are substantially diluted if not completely eroded in favour of the status quo. The result is the homogenization of Taiwanese parties' policy stance on de jure independence that further entraps Taiwan within the One-China trajectory.

Viability of Political Unification

On the one hand, a confident Taiwanese government engages in deeper and wider economic activities with China, thereby reducing the level of cross-strait tensions (Kastner, 2013). Heightened economic integration increases the costs of conflict for both countries, restraining Beijing's hostile behaviour while expanding Taipei's sovereign space.[20] This gives the ROC leaders a sense of assurance that they are still operating within the PRC's 'zone of tolerance', and therefore, reinforces the perceived need to maintain the status quo. Pleased with the existing pro-status quo Taipei regime, Beijing begins to relax its militaristic policies towards cross-strait relations, expecting that the island will soon abandon its nationalist goal of complete autonomy from the mainland (Gartzke, Li & Boehmer, 2001; Kastner, 2013; Morrow, 1999).

On the other hand, a revisionist Taiwanese leadership questions the legitimacy of the existing status quo and threatens to establish a new form of cross-strait arrangement (Kastner, 2006, 2013). Such a regime is pessimistic about the effectiveness of bilateral economic ties in influencing the target state's behaviour especially when dealing with a superpower neighbour.[21] Economic partnerships at bilateral levels are not likely to succeed when the political space for cooperation remains hostile (Gowa, 1994; Pollins, 1989). Even if they endure these challenges and mitigate the existing conflicts in the short term, nonetheless, new forms of tension may still emerge somewhere between the medium- and long terms (Waltz, 1979). Such scenario, therefore, will inevitably lead to heightened tensions on both sides of the

Taiwan Strait, and will compel China to re-employ militaristic strategies to counter secessionist movements (Kahler & Kastner 2006; Kastner, 2006, 2013).

This revisionist approach is best exemplified by Taiwan's former President Chen when he articulated his idea about the presence of an independent country on each side of Taiwan Strait.[22] Chen had not only abolished the National Unification Council (NUC) but also rallied to achieve membership status at the United Nations (UN) under the name of Taiwan (Clark & Tan, 2010, 2012; Kastner, 2006, 2013). Such policies underscored the revisionist sentiments of a DPP-led government and were symbolic expressions of the country's sovereign aspirations. But despite his bold statements with regard to its pursuit of sovereignty, Chen still showed restraint by not issuing a formal declaration of independence to prevent further military backlash from China (Clark & Tan, 2010, 2012; Kastner, 2006, 2013).

Although economic integration may indeed embolden Taiwanese leaders to pressure Beijing to grant them full independence; however, such an attitude threatens several local interest groups benefiting from the improving cross-strait relations. This is especially problematic given Beijing's strong resolve to uphold the One-China principle that undermines all considerations for the economic costs of war (Kastner, 2006, 2013). The anxiety induced by a revisionist ROC government thwarts all healthy cross-strait economic activities, thereby adversely affecting the growing number of domestic stakeholders (Clark & Tan, 2010, 2012; Kastner, 2006, 2013).

Stability in cross-strait relations, therefore, is a primary concern for influential business sectors that play a pivotal role during national elections. As a consequence, revisionist politicians are being compelled to moderate their nationalist discourse in order to protect their votes. Hence, intensifying cross-strait economic relations has a tendency to weaken the political allure of the DPP's nationalist policies with respect to China. This became evident in the 2012 presidential elections when the DPP's standard-bearer Tsai Ing-wen failed to convince Taiwanese voters that cross-strait relations would remain stable under her leadership. The outcomes of the event persuaded the party to reconsider and reformulate its approach towards the Mainland (Kastner, 2013). Thus, it may be argued that in the long run, there will be less incentive for Taiwanese politicians to launch strong pro-independence campaigns that are centred on nationalist agendas given their electoral costs to the parties espousing them (de Lisle, 2012). And again, by doing so, the chains that bind Taiwan within the One-China trajectory are being hardened as the policies towards independence are homogenized even further.

External Factors

Level of Economic Interdependence

Although economic engagement, particularly in terms of trade, is commonly framed as the superpowers' strategy for extracting politico-strategic concessions from their respective targets, nonetheless, small powers have also utilized these linkages to inform, constrain and transform the latter's behaviour (Kahler & Kastner, 2006; Kastner, 2006). Such is the case between Taiwan and China. There are two types of engagement strategy that strongly capture the dynamics of

cross-strait relations between these two countries: conditional (tactical linkage) and unconditional (substantive/structural linkage).[23]

Under conditional engagement, the initiator adopts a quid pro quo approach by compensating the target for every policy change that it makes through increased economic exchanges rather than punishing it with sanctions (Kahler & Kastner, 2006). However, there are a number of reasons why conditional engagement strategies, in general, are deemed less popular than economic sanctions. First, in terms of economic costs, inducements are generally costlier than sanctions. While sanctions are carried out only when the target fails to initiate the policy change, inducements are paid when policy shift does take place and will continue for as long as the target maintains its favourable behaviour (Drezner, 1999/2000). Second, offering inducements not only creates the perception that the target's resolves are stronger than the initiator's but also strengthens the former's military capacity, thus, raising the incentives for maintaining the policy status quo (Drezner, 1999/2000). And third, the uncertainties of market conditions undermine credible commitments of both the initiators and the targets with respect to policy reforms that must be carried out once economic payoffs have been made (Drezner, 1999/2000). Despite such limitations, conditional engagement can still induce the desired policy change particularly in cases involving democratic nations given their strong credibility for complying with agreed-upon commitments (Kahler & Kastner, 2006).

Meanwhile, an initiator state employing unconditional engagement strategy does not rely on tit-for-tat but on the capacity of economic interdependence to influence the target's policy behaviour, and to that extent are more passive (Aggarwal & Govella, 2013; Drezner, 1999/2000; Kahler & Kaster, 2006; Mastanduno, 1992). The idea is to entangle the target into the initiator's economic activities up to a point where cessation becomes extremely costly for the former. In general, unconditional engagement performs three crucial functions: informing the target of the initiator's precise level of resolve without resorting to militaristic actions; constraining the target's policy dominion; and transforming the target's policy behaviour and attitude (Drezner, 1999/2000; Kahler & Kastner, 2006; Kastner, 2006; Gartzke, Li & Boehmer, 2001). As such, the breadth and depth of economic interdependence, particularly with respect to trade, determine the likelihood of conflict between the initiator and target states when expected policy changes do not occur.

As mentioned earlier, the Taiwan case provides a vivid illustration of these two forms of economic engagement with respect to China. The reopening of direct links to cross-strait relations, along with the signing of the ECFA, highlights ROC's attempts at conditional and unconditional engagements designed to inform, constrain and transform the PRC's One-China policy.[24] China's refusal to rule out the threat or actual use of force in pursuing its unification objective underlines the importance of Taiwan's effective management of economic engagements to ensure its survival, at the very least as a de facto sovereign state. Indeed, the Taiwanese government has utilized the existing cross-strait economic interdependence as a bargaining chip in deciding its contested statehood. In attempts to harness the transformative effect of economic engagement as self-antidote against Chinese nationalistic goals, Taiwanese officials have set out specific preconditions for the reopening of cross-strait links to trade, transit and communications,

namely: withdrawal of threat or actual use of force against Taiwan; removal of barriers to Taiwan's diplomatic space and political liberation vis-à-vis democratization of the Mainland (Clark & Tan, 2012; Zhao & Liu, 2010).

However, China's military and economic preponderance engenders a scenario in which cross-strait economic relations continue to intensify with or without the fulfilment of the aforementioned conditions. Notwithstanding the high levels of political risk involved, Taiwanese firms have continued to trade and invest more in China replacing the old 'go slow, be patient' approach with 'active opening' and 'effective management' mantras (Clark & Tan, 2012; Kahler & Kastner, 2006). Accordingly, strong lobbying efforts from local business communities in Taiwan have placed enormous pressure on the government to abandon such prerequisites being demanded from China prior to the legalization of direct cross-strait links (Clark & Tan, 2012; Wang et al., 2010; Zhao & Liu, 2010).

These calls have, to certain extent, resulted to the convergence of cross-strait policies, specifically with respect to economic issues being espoused by competing political parties in Taiwan. There are two main factors that have led to this convergence: the increasing enmeshment of Taiwan's business interests with the Mainland affairs; and the rise of Taiwanese electorate favouring the status quo over independence and unification. Consequently, concerns over the adverse effects of excessive Sino-dependence on national security has gradually diminished in importance across Taiwan's political gamut, forcing presidential candidates to embrace a modified two-state approach for managing cross-strait affairs (Clark & Tan, 2012; Kahler & Kastner, 2006; Wang et al., 2012; Y. Wu, 2001). Despite significant efforts in moderating the country's reliance on the PRC, cross-strait trade and investment flows have continued to expand as ROC officials themselves began to realize the cost of restraining local business activities. Hence, even without gaining significant political concessions, Taipei's economic compensations to Beijing continue to roll over.

Furthermore, Taiwan's democratic society also makes it easier for China to link its politico-strategic motives with cross-strait economic interdependence.[25] Beijing's wilful assertion of influence over business matters to undercut local support for pro-independence party such as the DPP, for instance, highlights such entanglements. The imbalanced trade relations between the PRC and the ROC generate asymmetric political effects which are further reinforced by institutional differences (Clark & Tan, 2012; Kahler & Kastner, 2006; Kastner, 2013). On the one hand, Beijing is waiting for cross-strait economic relations to weaken Taiwanese nationalism and identity, which will then diminish local resistance against its One-China policy.[26] On the other hand, Taipei is optimistic that Beijing will soon realize that its regional 'hegemonic' power is fuelled more by economic imperatives and less by nationalist rhetoric (Kahler & Kastner, 2006; Kastner, 2013). This will then compel the government to replace its militaristic approach with pacifist method for managing cross-strait relations. When the quest for economic interests leads to relaxation of Chinese nationalist objectives, allowing the peaceful settlements of political and ideological differences, Taipei's gamble with Beijing would have then paid off (Kahler & Kastner, 2006; Kastner, 2013; Lee, 2010; Rigger, 2010; Zhao & Liu, 2010).

In addition, multilateralism also imposes significant constraints on Taiwan's capacity for launching a conditional engagement strategy (Kahler & Kastner, 2006; Kastner, 2006). This is because China's economic dynamism enables it to attract other countries that are willing to cultivate interdependence without demanding any politico-diplomatic concession. The constraints engendered by Taiwanese conditionalities are compelling the government to adopt unconditional engagement procedures wherein unrestricted cross-strait economic interdependence is expected to act as a pre-emptive measure against China's military diplomacy. However, the authoritarian nature of the PRC's political institutions implies that Chinese officials can easily circumvent the rules and procedures for managing cross-strait relations (Chow, 2012; Hong, 2012; Kahler & Kastner, 2006; Kastner, 2006; N. Wu, 2012; Zhao & Liu, 2010).

This view is particularly popular among Taiwanese oppositionist groups that are predominantly represented by the DPP. Despite the perceived 'harmony' of economic agendas between rivalling political parties, the reality is that there are still segments of Taiwanese population that have reservations towards the country's deeper and wider economic integration with China. This argument is clearly illustrated by the dramatic turn of events that took place after the KMT's 'blitzkrieg' passage of Cross Strait Services Trade Agreement (CSSTA) with China on 17 March 2014.[27] President Ma's decision to cut-short a vital deliberation process in the Legislative Yuan concerning the controversial agreement has provoked the occupation of the parliament on 19 March 2014 by a multi-sectoral coalition led by student groups (Arrouas, 2014; Chung, 2014).

The demonstrators have demanded several conditions from the Taiwanese president: hold an inclusive citizens constitutional conference; reject the CSSTA in lieu of a monitoring mechanism for cross-strait agreements; pass a monitoring mechanism for Cross-Strait Agreements in the current legislative session; and for legislators from both parties to address the people's demands (CALD, 2014). Thus, while big local business groups support unconditional economic engagement, the grassroots civil societies insist on the maintenance of regulatory conditions for facilitating cross-strait relations. The conflicts between these two segments of the population further side-tracks the respective policy strategies of Taiwanese political parties with respect to issues surrounding Taiwan's quasi-sovereign statehood.

Atmosphere in the Multilateral Environment

The World Trade Organization (WTO), unlike any other existing international institutions, does not require potential members to be sovereign states to gain accession. This unique constitutional feature of the organization has enabled some type of 'cross-strait co-existence' between the ROC and the PRC within the same multilateral space where both parties act as co-equals or parallel members (Bush, 2011; Charnovitz, 2006; Cho, 2005; Hsieh, 2005; C.W. Huang, 2009). Hence, while Taipei's WTO accession cannot be regarded as a bilateral accord with Beijing, nonetheless, it helps in facilitating some semblance of rule of law between the two parties. In addition, it allows the Taiwanese government to stand in an international tribunal thru the organization's Dispute Settlement Understanding

(DSU) when disagreements over WTO rules and procedures with other members arise (Charnovitz, 2006; Hsieh, 2005). As pompously stated in the 2001 MAC report (cited in Cho, 2005, p. 743):

> Taiwan and mainland China will be two independent, parallel, and equal members. The WTO mechanism offers the two sides a new channel for communication, dialogue, and consultation. The two do not have to set any preconditions or prerequisites. They can conduct dialogue and consultation on mutually concerned issues based on the WTO rules and framework.

However, questions remain as to whether or not China intends to acknowledge Taiwan's co-equal status within the WTO given its claim of legitimate authority over the island, along with its long-term goal of reintegrating it with the Mainland. From the Chinese perspective, Taiwan remains a province of China with or without peaceful unification (Clark & Tan, 2012; Lee, 2010; Zhao & Liu, 2010). As such, Beijing promotes a WTO framework with 'One-China gestures' by rejecting anything that connotes the presence of two Chinas (Cho, 2005, p. 751). Such gestures are intended to cast off any political implications that might arise from China's compliance with the WTO rules in relation to Taiwan at the global level. In addition, it aims to emphasize that adherence to these multilateral agreements does not, in any way, nullify Beijing's One-China principle. In short, these One-China gestures aim 'to tell the world that interactions with Taiwan are not international affairs but internal matters' (Cho, 2005, p. 752).

A concrete example is the 'nomenclature war' launched by China against Taiwan as a subtle form of protest over their parallel status in the WTO. For instance, China uses the name 'Chinese Taipei' instead of TPKM to refer to Taiwan in the WTO and insisted that all members must follow the same (Charnovitz, 2006; Cho, 2005). It did not hesitate from calling the attention of representatives from other states that made the 'mistake' of calling the island, 'Taiwan' during formal and informal sessions (Charnovitz, 2006; Cho, 2005). Moreover, China prefers to use the Chinese language when preparing official WTO documents involving Taiwan and rejects documents that bear the name of 'Republic of China' (Cho, 2005). Such gestures are meant to send the message that the island is part of China's separate customs territories similar to Hong Kong and Macao (Charnovitz, 2006; Cho, 2005). Hence, from the Chinese standpoint, WTO dialogues between Beijing and Taipei are domestic concerns of a single country with several subsidiaries.

In July 2005, however, China has formally accepted Taiwan's TPKM title but demanded the cancellation of diplomatic titles given to some members of the Taiwanese Mission (cited in Charnovitz, 2006, p. 417). The WTO Secretariat granted the appeal and removed these titles from the updated version of its Members Directory, thus provoking Taipei officials to accuse the organization of 'throwing away its neutrality under pressure from China' (Bishop, 2005). At present, only the top two officials of Taiwan's Permanent Mission to the WTO are identified by their respective titles, while all lower-ranking representatives only have their names and areas of expertise listed (Charnovitz, 2006; Cho, 2005).

These nomenclature discriminations and One-China gestures towards Taiwan are intended to challenge the legitimacy of government's equal standing in the WTO (Charnovitz, 2006; Cho, 2005). As far as Beijing is concerned, Taiwan's WTO accession is solely based on its status as one of China's separate customs and territories. Hence, it cannot and should not have a legal standing of its own within the said institution. Through these projections, Beijing is able to effectively portray its relations with Taipei as a local affair between the Mainland and one of its customs territories. China's rejection of Taiwan's independent legal status at the WTO explains its continuous refusal to conduct bilateral dialogues concerning cross-strait issues at the multilateral level.

Such an atmosphere in the WTO—the only multilateral institution that Taiwan has successfully acceded to thus far—severely undercuts the capacity of Taiwanese leaders and policymakers from either side of the political spectrum, to break free from China's sinicization project. Indeed, the biggest delaying factors in Taiwan's accession to the WTO that took 12 years were politically charged. On the one hand, were issues relating to its contested sovereignty, and on the other, were concerns relating to its volatile relations with China (Hsieh, 2005; C.W. Huang, 2009). When China renegotiated its WTO membership with the US after its temporary withdrawal following the Tiananmen Square incidence in 1989, the two parties agreed that Beijing would not block Taipei's accession (C.W. Huang, 2009; Liang, 2002). In exchange, it was also agreed that China would be granted membership prior to Taiwan. Thus, aside from the domestic factors that constrain Taiwan's march towards full independence are international conditions that seem to militate against such goal. In the end, Taiwan still remains trapped within the sinicization trajectory amid the omnipresent China factor.

Concluding Remarks

The entanglements between Taiwan and China's national security interests, on the one hand; and free trade objectives, on the other, are coercing Taipei officials and policymakers to preserve the prevailing cross-strait status quo. In attempts to enhance their political appeals during national elections, the major political parties in Taiwan are being compelled to 'cooperate' with each other by promoting pro-status quo policies. This leads to the progressive homogenization of their respective policy postures towards independence, that is, the freezing of Taiwanese de jure sovereignty. The result is Taiwan's continued 'imprisonment' within the PRC-configured One-China trajectory.

Taiwan's decision to either accelerate or decelerate the pace of cross-strait economic interdependence depends on the level of security threat being induced by China. Success rests on the degree of importance that China places on cross-strait economic relations, on the one hand, and Taiwan's resolves to terminate the agreements when desired policy changes with respect to cross-strait politics do not materialize, on the other. However, the Taiwanese government's efforts at securing its sovereign space through economic engagements are thwarted by its lack of political freedom, if not, the will to cancel payoffs even when Beijing's behaviour

continues to violate prior conditions made. It would appear, therefore, that a consensus for adopting a moderate approach to achieve nationalist agendas between Taiwan's two major parties has been reached. While general sentiments towards each other may be as capricious as the Taiwan–China relation itself, nonetheless, both parties have been consistent in applying the norm of moderation in managing cross-strait affairs.

Consequently, both pro-China and anti-China political factions are being restrained from adopting and implementing policies that have the potential to destabilize the 'normal' conduct of cross-strait relations. While a highly China-centric policy is condemned by citizens opposed to political unification with the Mainland, however, an extremely nationalistic policy is rebuked by sectors that see opportunities from healthy economic relations with Beijing. Such dilemma naturally leads to calls for 'normalization' of cross-strait relations. In the end, Taiwan is trapped in what appears to be a perpetual prisoner's dilemma induced and preserved by the omnipresent China factor.

Notes

1. For further discussion on the prisoner's dilemma, see Kreps, Wilson, Milgrom and Roberts (1982), Milgrom (1984), Poundstone (1992) and Rapoport and Chammah (1965).
2. Sinicization or Chinalization in this context refers to the policies of acculturation, assimilation or cultural imperialism of neighbouring cultures, specifically Taiwan, to China.
3. Based on the author's interview with a Deputy Director at Taiwan's WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
4. Based on the author's interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
5. Based on the author's interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
6. Based on the author's interview with a Deputy Director at Taiwan's WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
7. Ibid.
8. Based on the author's interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
9. Ibid.
10. Ibid.
11. On 10 July 2013, a few months after the interviews were conducted, Taiwan signed a bilateral FTA with New Zealand. The Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC) is Taiwan's first free trade pact with a non-diplomatic ally. This was immediately followed by the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP), signed on 7 November 2013. It must be noted that these two bilateral trade agreements were signed after 2010, and therefore are outside the study's scope. Nevertheless, their implications on Taiwan's security and trade linkages will be briefly discussed in the succeeding sections.
12. Based on the author's interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.

13. Based on the author's interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
14. Based on the author's interview with a Deputy Director at Taiwan's WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
15. Based on the author's interview with a Deputy Director at Taiwan's WTO and RTA Center on 17 April 2013 in Taipei, Taiwan.
16. Based on the author's interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
17. Based on the author's interview with an Associate Research Fellow at CIER on 19 April 2013 in Taipei, Taiwan.
18. Based on the author's interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
19. Based on the author's interview with a Director at DPP on 11 April 2013 in Taipei, Taiwan.
20. For further discussions on the commercial liberal argument, see Mansfield and Pollins (2003) and Polachek (1980). For the anti-commercial liberal arguments, see Ripsman and Blanchard (1996/1997, 2003).
21. For a more in-depth analysis on great power politics, see Mearsheimer (2001).
22. For more information on former President Chen's leadership, see Clark and Tan (2010, 2012), Hsieh (2011), Lee (2010), Muyard (2012), Rigger (2010) and Wang et al. (2010).
23. For further discussion on conditional and unconditional engagements, see Drezner (1999/2000) and Kahler and Kastner (2006). For tactical and substantive linkages, see Aggarwal and Govella (2013); and for tactical and structural linkages, see Mastanduno (1992).
24. For a detailed discussion on three cross-strait direct links, see Chen (2012), Chow (2012), Clark and Tan (2012), Dittmer (2012), J.Y. Huang (2012), Muyard (2012), Wang et al. (2010), N. Wu (2012) and Zhao and Liu (2010).
25. For a more detailed discussion on economic interdependence between democratic states and its impact on liberal peace, see Clark and Tan (2012), Gelpi and Grieco (2003), Lee (2010), Mansfield (1994), Oneal and Russett (1997), Papayanou (1999) and Pollins (1989).
26. For more in-depth analysis on Taiwanese identity politics, see Chow (2012), Lee (2010) and Zhao and Liu (2010).
27. For more information about the protest against the CSSTA, see Democratic Progressive Party (2014).

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Research Article

A Case for Cohabitative Security: The Philippine and Malaysian Experience

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Abstract: This article attempts to explore and analyse the evidence for cohabiting the human security concept into the national security frameworks of ASEAN countries. Using the Philippines and Malaysia as case studies, the article determines the extent to which public officials and policymakers have redefined and reenvisioned national security by incorporating non-traditional, people-centered elements of human security. The word 'cohabitation' refers to national governments' efforts to amalgamate statist and humanist dimensions of security when articulating and implementing their national security rhetoric and agenda. It argues that human security naturally complements state security, and vice versa. As such, human security and state security co-exist in a constructive manner that enhances the overall level of national security. In other words, they are mutually constitutive rather than mutually corrosive. Both cases underscore a two-pronged assumption. First, the meaning and provision of national security can neither be eloquently articulated nor completely substantiated without considerations for 'below the state' actors and issues. And second, the eminent status vis-à-vis power of the state in providing national security can neither be trivialized nor undermined.

Keywords: Cohabitative Security; Human Security; Malaysia; National Security; Philippines

1. Introduction

Twenty years after the official debut of human security in academic and policymaking circles in 1994, the concept continues to be a source of important debates directed at the progressive re-imagination of national security. In Southeast Asia, however, the concept has had very limited influence in the governments' formulation and implementation of their respective national security rhetoric and agenda [1–3]. This is largely due to the conflicting views on what should be considered as a threat between the state and various non-state actors within these societies. At the heart of this conflict between statist and humanist advocates of national security is the shared belief among Southeast Asian leaders in the ASEAN Way [1–3].

For the region's top officials, the ASEAN Way is deemed the most appropriate style of diplomacy as it underlines the value of traditional notions of sovereignty and non-interference in conducting interstate relations [4]. While the Western method of diplomacy is driven by binding agreements through the adoption of legalistic procedures and formalistic solutions, the ASEAN approach operates through non-binding, invisible ground rules of informality, inclusivity and consensus [4]. Different labels have been used by various observers to describe the ASEAN Way such as 'organizational minimalism', 'soft regionalism', 'soft dialogue', and 'thin institutionalism' ([4] pp. 14–27). Such a preference for 'sports shirt diplomacy' over 'business shirt diplomacy' has naturally limited the practical application of human security in rethinking national security in the Southeast Asia ([4] pp. 14–27).

Against this backdrop, this article attempts to explore the evidence for the 'cohabitation' of human security concept within the national security framework of ASEAN countries in the twenty-first century. It specifically examines the Philippines and Malaysia's experiences with cohabiting state-centric and people-centered dimensions of national security. The word cohabitation in this context refers to the national government's attempt at amalgamating statist and humanist elements of security when articulating and executing its national security policies. The goal is to determine the extent to which policymakers have defined national security based on the cohabitation between state-centric and people-centered dimensions of national security. Cohabitative security, therefore, refers to the approach being employed by the Philippine and Malaysian governments in cohabiting human security into their national security frameworks.

The article argues that human security naturally complements state security, and vice versa. As such, human security and state security co-exist in a constructive manner that enhances the overall level of national security. On the one hand, state security does not automatically negate human security nor compete with individuals and communities; on the other, human security does not necessarily threaten state security nor compete against state actors and agencies. The reason for this is that human security and state security are mutually constitutive rather than mutually corrosive. This is particularly relevant in the context of the increasing, albeit gradual, recognition among ASEAN governments that human security is an essential dimension and necessary precondition for national stability and security. Such a scenario implies that the divisive dichotomy between these two security dimensions is hardly insurmountable. Ironically, it is the insecurity felt by individuals and states, rather than security that is transforming ASEAN's traditional normative terrain into a region cognisant of the value of cohabiting humanist and statist components of national security.

Moreover, by examining governments' efforts toward cohabitative security, the article argues that the inherent bias against states can be mitigated, enabling mutual trust to develop between the artificially divided state and non-state agents of national security. It highlights the areas where states, even if only to some extent, have practically contributed to the advancement of the human security agenda. This is not to defend or legitimize the shortcomings of states with respect to human security, but rather, to reopen the channel through which productive dialogues between governments and citizens can take place. The notion of cohabitative security does not provide a panacea to long-standing conceptual problems of national security. Nevertheless, it offers an alternative tool for reassessing governments' successes and failures in terms of incorporating individuals and societies in their respective national security discourses.

In advancing these arguments, the article examines the Philippines and Malaysia's experiences with cohabitative security and attempts to answer the following questions. First, who or what is the primary referent object in the Philippines and Malaysia's twenty-first century national rhetoric and agenda? Second, what are the main issues that threaten these primary security referent objects? And third, how do the Philippine and Malaysian governments, both past and present, address these threats? Have they been successful? Why or why not?

The article is divided into four sections. Section two examines the current composition of the Philippines' national security framework by identifying its main components and analyzing the most critical issues that threaten its primary security referent object—development space. It argues that against the backdrop of structural poverty and institutionalized inequality generated by a deeply-entrenched oligarchic system, the main referent object of Philippine national security is its diminishing development space. Development space refers specifically to the capacity of the Philippine government to independently and effectively pursue its economic development goals and objectives against these constraints. It analyses the limits to the Philippines' development-based national security framework, which in turn, undermine the effectiveness of the country's cohabitative national security, namely: (i) limits to democratization; and (ii) limits to Human Security Act (HSA).

Section three examines the present condition of Malaysia's national security framework by identifying its main components and analyzing the most critical issues that threaten its primary security referent object—diversity space. It argues that against the backdrop of a Bumiputra-centric political economy, developed and controlled by the UMNO-driven Barisan Nasional, the main referent object of Malaysian national security is its shrinking diversity space. Diversity space specifically refers to the capacity of all ethnic groups in Malaysia to participate freely in the country's

political and economic affairs against these constraints. It analyses the limits to Malaysia's diversity-based national security framework, which in turn, undermine the effectiveness of the country's cohabitative national security, namely: (i) limits to ideational security apparatuses; and (ii) limits to material security apparatuses. The Philippines and Malaysia's primary security referent objects—development space and diversity space—represent the non-traditional, people-centred dimension of security as opposed to its traditional, state-centric dimension.

Finally, section four summarizes the main arguments presented based on the analysis of two empirical case studies. It concludes that despite the limitations of the Philippine and Malaysian governments in fully cohabiting the concept of human security into their respective national security frameworks, nonetheless, both countries have illustrated a concrete way of giving entitlement to non-traditional, people-centered elements of security as legitimate referent objects of national security. Both cases underscore a two-pronged hypothesis: (i) that the meaning and provision of national security can neither be eloquently articulated nor completely substantiated without considerations for 'below the state' actors and issues; and (ii)that the eminent status of the state in terms of power in providing national security can neither be trivialized nor undermined. Therefore, rather than downplaying a state-centric concept while highlighting a people-centred model, cohabitative security amalgamates statist and humanist views of national security. This is one way of resolving the 'entitled state/untitled human' dilemma in which the state is typically depicted as an antagonistic force impeding the pursuit of human security.

2. Cohabiting Human Security into the Philippine's National Security Framework

2.1. The Philippines' 'Cohabitative' National Security

The Philippines' 2011–2016 National Security Policy (hereafter, NSP) is a statement of principles designed for the strategic pursuit of the country's national interest defined in terms sovereignty and territorial integrity on the one hand, and people's well-being and institutions on the other [5]. Its primary objectives focus on balancing between 'guns and butter,' through more efficient allocation of the country's limited resources and effective prioritization of internal and external defense. It lays down a fairly comprehensive agenda which incorporates nonmilitary issues and threats encroaching upon the boundaries of the state. In the words of President Benigno Aquino III: 'our quest must not only focus on ensuring the stability of the State and the security of our nation...our ultimate goal must be the safety and well-being of our people' ([5] p. 1).

This holistic approach to national security underscores the need to rethink traditional security which made paramount the military protection of the state from external threats while disregarding issues generating human insecurities. It is part and parcel of the larger security sector transformation (SST) which represents a paradigm shift in security governance by acknowledging the blurring between internal and external threats [6]. The main thrust of the NSP is anchored in Aquino III's 'social contract' with the Filipinos, emphasizing commitments to transformational leadership through empowerment of the people and opportunities to enable the people to escape from the shackles of poverty ([5] p. 6). Aside from its customary role in fortifying the country's juridical borders, the NSP also aims to cultivate an environment conducive to human development, that is, a development-based NSP agenda. Thus, it brings together under one cohesive policy agenda a wide range of security issues, and balances these with its national peace and development perspectives.

The country's desire to serving as a committed and trustworthy member of the international community is, to a large extent, driven by the emergence of non-traditional security threats transcending national borders such as organized transnational crimes, terrorism and weapons of mass destruction, pandemics and infectious diseases, environmental degradation, and climate change to name a few [5]. In relation to this, the country also acknowledges the significant impact of globalization on its internal affairs. The NSP document, therefore, promotes the objective of forging strong political alliances with developed countries to further solidify its political presence in the international arena, and secure its economic and defense requirements [5]. The government believes that through diplomatic engagements, nations will cooperate rather than compete with each other [5].

In response to this changing security environment, the government has developed a national security model comprised of seven core elements that amplify national interests, including: socio-political stability, territorial integrity, economic solidarity, ecological balance, cultural cohesiveness, moral-spiritual consensus, and peace and harmony ([5] p. 3). These elements also take into consideration certain psychosocial aspects of national security including the people's customs and beliefs, as well as social characters and norms influencing perception of government-initiated policies and programmes ([5] p. 3). Hence, the government is very optimistic about the potential of its twenty-first century NSP agenda for achieving not only national peace and security, but, more importantly, development and prosperity. Working under a widely popular campaign slogan of Daang Matuwid (the high road), Aquino III's NSP strongly emphasizes the country's diminishing development space, articulating the issue as a national security threat that must be effectively secured ([5] p. 31):

> "If the government is able to make good on the promise of taking the high road, the 'Ang Daang

> Matuwid', then it must be sure that the people are afforded every opportunity to pursue their individual dreams of a better quality of life—all under the consideration of national security where the welfare and well-being of the people are of primordial consideration."

From the government's perspective, addressing the country's long-standing problems of exacerbated poverty, widening inequality, and other socio-political maladies engendered by limited development space demands complementary policies such as robust public-private partnerships (PPP) on the one hand, and breaking patronage politics influencing decision making in government's programs and projects on the other [5].

Despite its development-based NSP agenda, the government still recognizes the importance of maintaining a credible external defense posture since globalization has not led to complete obsolescence of war as an alternative tool for settling disputes when diplomacy fails. Impaired by its present economic status, however, the country is struggling to assert and defend its position in international society. The government usually finds itself on the losing end when settling disputes with advanced countries, given its small player status in the global arena, both politically and economically. The debate between 'guns and butter' has to be settled in favour of 'butter' given the country's scarce resources. After all, as Aquino III has neatly put it, 'For Filipinos to feel this renewed sense of transformational leadership, they must also see and feel that the Government is for them, with them and serving them' ([5] p. 31).

2.2. Limits to the Philippines' Development-based National Security

Clearly, the Philippine government recognizes economic underdevelopment as a critical threat to national security. The important question that needs to be examined, however, is whether it is genuinely concerned about addressing the country's economic plight or is only paying lip service to the electorally-popular idea of people-centered national security. Despite the government's grand pronouncements about pursing equitable economic development to enhance national security, however, its security blueprint faces two limitations that put enormous challenge to such intention: (i) limits to democratization; and (ii) limits to human security act. The following subsections discuss these limits, which help explain the country's continuously shrinking diversity space, and subsequent failure to fully embed the notion of human security (defined in terms of economic security) into its national security framework.

2.2.1. Limits to Democratization

Based on historical analysis of politico-economic developments in the Philippines, the decision of the American colonial regime to transplant its own brand of representative democracy over an economic arrangement ruled by landed oligarchs enabled the latter to seize authoritative control over what should have been 'democratic' policymaking procedures and institutions [7]. Oligarchs in this context are 'actors who command and control massive concentrations of material resources that can be deployed to defend or enhance their personal wealth and exclusive social position' ([8] p. 6). Accordingly, an oligarch's ultimate goal 'is to secure, maintain, and retain his or her position of extreme wealth and power against all manner of threats' ([8] p. 6). In Aristotle's formulation, democracy is defined as the rule by the poor majority, whereas oligarchy is the rule of the wealthy few [8]. However, democracy and oligarchy 'can coexist indefinitely as long as the unpropertied lower classes do not use their expanded political participation to encroach upon the material power and prerogatives of the wealthiest' ([8] p. 11). In other words, the two systems are compatible for as long as the two realms of power do not clash. So while oligarchy 'rests on the concentration of material power', democracy 'rests on the dispersion of non-material power' ([8] p. 11).

In the case of the Philippines, US officials left aside policies that could have transformed its political system into a more level playing field. The country's domestic political space was insulated from revisionist agendas espoused by various social factions springing from a broad base of political capital [7]. In stark contrast to the Philippine experience, the Japanese consciously shut down the elite's access to political power when they took over Korea, creating a very different political climate for the latter state [9]. The Philippines' government's capacity for independent action, therefore, is effectively curtailed by oligarchic groups attempting to amass public power to preserve vested interests [10–12]. Further, the 'redemocratization' process that took place immediately after the collapse of Ferdinand Marcos' dictatorship only resulted in the reinstallation of the pre-Marcos political order. This led to the re-emergence of elite ascendancy over domestic economy—the sine qua non for Philippine economic underdevelopment ([7] p. 49). Despite the introduction of various democratic institutional reforms, oligarchic forces are still able to manipulate and saturate the bureaucracy, impairing Philippine polity.

The question therefore is, why and how does oligarchic power overcome state power? Throughout Philippine history, several influential families owning huge corporations and vast lands have ruled over the bureaucracy, exploiting the country's public goods and resources that continue to fuel institutionalized corruption. Several infamous terms such as 'anarchy of families', 'booty capitalism', and 'cacique democracy' ([7] p. 50) have been used to describe the country's

pitiful politico-economic construct. The conspicuous incapacity of the government to 'immunize' itself from oligarch manipulation has been at the crux of economic underdevelopment [13–15]. This unique political climate enables the 'top 5.5 % landowning clans to own 44% of arable land and as few as 100 families control all electoral positions on a national level' ([16] p. 13). It is a side-effect of the strategy employed by the US regime to consolidate power throughout the archipelago that the landed elite were allowed to further expand their economic power by means political appointments [7].

When put together, Filipinos' distinctive concepts of family and land give rise to the so-called 'patron-client relationships' which can be used to explain Philippine political economy [17–18]. The patronage system which emphasizes the Filipino culture of 'giving for gratitude' and 'labour for loyalty' explains the existence of an omnipotent elite dominating the country's economy cum politics [19]. In this scenario, both the peasants' and the labourers' interests feed into the landlords' preferences through material and/or personal transactions via colloquial networks [20].

Hence, when the US colonial regime decided to establish political offices for electoral contest, the elite clans consolidated their power in order to give birth to national oligarchy instead of a national government (Anderson 1998). With this newfound power, the ruling elite are now in the position to thwart policies that favour both enemies and competitors. This system of politicking gave rise to what the Filipinos call, trapos or 'dirty' traditional politicians [21–23]. These trapos are responsible for the presence of 'reverse accountability' in Philippine politics by holding individual voters accountable for electing their respective patrons to power in exchange for favours provided in the past or those promised once said politician elected ([7] p. 55). The provision of favours, however, does not always translate to actual votes. In such cases, intimidation and aggression are often employed by political players owning private armies to ensure the delivery of paid votes [24]. The alternate use of benefits and violence for preserving political power and control essentially transforms traditional political aristocracy into some type of warlords [25]. In can be inferred, therefore, that the voters' support for their patrons is largely a function of the latter's 'own interests, rewards for loyalty, and the fear of vengeance' ([26] p. 260).

The nature of Philippine political-economy is referred to as a neo-patrimonial system [10]. A patrimonial state that allows oligarch relations and interests to dominate bureaucratic systems creates a hunting ground for the unrestricted accumulation of personal wealth [27]. Since the rent-seekers emerging from this bureaucratic capitalist system are able to control formal state structures from the outside, the term becomes 'neo-patrimonial' or 'booty capitalism' ([10] pp. 18–21).

The overwhelming oligarchic influence has significantly contributed to the deterioration of economic development in the Philippines since gaining independence from the United States in 1946 [28]. Even the implementations of disastrous economic policies advanced by top government officials were eventually manipulated to protect the interests of Filipino oligarchs. Philippine underdevelopment, therefore, is not just a matter of constantly choosing the wrong policies, but rather the result of conscious efforts by rent-seekers to maintain them for the continuous exploitation of state mechanisms and resources.

A perfect illustration of a 'wrong' policy selection was the espousal of import substitution industrialization (ISI) as the country's primary trade strategy after its official independence from the US [29–30]. In contrast to East Asian countries that launched an export-oriented strategy leading to annual per capita GDP growth of 6%, the Philippines chose to implement ISI and became the worst performing economy in the Eastern half [31]. While the promotion of ISI may indeed have been an honest mistake on the part of Filipino technocrats, the oligarchs' indifference toward the correction of this mistake nevertheless underlined the unintended benefits it created with respect to the their interests. Despite the exacerbated balance of trade and payments problems created by ISI, this policy was maintained not for its effectiveness in resolving the crisis but for its role in opening a wider space for 'oligarch predation' ([7] p. 57). This confounding relationship between local oligarchs and the Philippine government is often referred to as 'rent capitalism' wherein rents are created by the latter to provide the former with a synthetic advantage by imposing restrictions on the free flow of foreign goods and services into the market [32].

U.S. Governor-general William Howard Taft's 'policy of attraction'—originally designed to entice the landlord class into collaboration with the Americans rather than pursuing revolutionary struggles—transformed the economic elite of the Spanish-colonial era into a political-economic elite that continues to dominate domestic politics today ([33] p. 142). And since representative institutions had already emerged prior to the development of a strong republic, patronage-infested political parties had single-handedly squashed government reforms that threatened to curb their power. In the Philippine context, political parties are 'convenient vehicles of patronage that can be set up, merged with others, split, reconstituted, regurgitated, resurrected, renamed, repackaged, recycled, refurbished, buffed up or flushed down the toilet anytime' ([34] pp. 4–5). This resulted to further marginalization of the masses who were unable to challenge the deeply-entrenched national oligarchy.

The palpable failure of American colonial regime to renovate the foundations of domestic political power vis-à-vis the imposition of its own brand of representative democracy on top of an unjust economic

edifice, created an environment conducive to oligarch predation by exploiting state institutions and manipulating economic policy formulation [7]. The Philippine government has continued to operate within this context from one administration to another since the country's formal independence. Therefore, implanting a new constitutional framework that replicated a pre-Martial Law system within a relatively unchanged economic arrangement would be futile and counter-intuitive to the prospect of change. In short, neither regime change nor democratization helped in mitigating the oligarch's influence over state affairs, particularly in decisions involving the national economy. As a consequence, a strongly developed Philippine republic is yet to emerge [7].

2.2.2. Limits to Human Security Act

The post-1986 People Power Revolution paved the way for rethinking national security as the security of the people. The perceived divide between people and state is artificial as they both comprise the nation-state [35]. Although the government is gradually progressing toward the integration of human security in its formulation of national security, the environment within which such policy amendments are being configured remains largely unstable and multifaceted. Advancements made toward a humanist view of security strategy are in danger of being undermined by institutional mechanisms with inadequate capacity to effectively combat contemporary security problems. And while Filipino policymakers acknowledge the severity of nontraditional threats trespassing on the country's supposedly sovereign boundaries, the term human security is still nowhere to be found in its official NSP document. This implies that the normative foundations of human security are not consistently implanted when designing a definitive NSP agenda despite references being made regarding the protection of grassroots civil societies [35].

A good example supporting this argument is the passage of the Human Security Act of the Philippines or the Republic Act No. 9372 in February 2007. This Act defined human security as an 'act to secure the state and our people from terrorism' defined as 'sowing and creating conditions of widespread and extraordinary fear and panic among the populace, in order to coerce the government to give in to an unlawful demand' [36]. In short, the country's HSA is both too narrow and too broad at the same time. On the one hand, it frames human security within the narrow context of terrorism which contradicts the government's holistic approach to national security, as well as the UNDP's comprehensive interpretation of human security [37]. On the other hand, it precludes the fundamental aspects of a terrorist act in favour of broad and vague expressions such as 'widespread and extraordinary fear and panic among the populace' or 'unlawful demand' which also run in contrast to the definition proposed by the UN High Level Panel on Threats, Challenges and Change [38].

While the official discourse of HSA highlights its importance for giving the government's all-out war against terror legal teeth by complementing AFP's strategic operations, however, law enforcement agencies seem to be uncomfortable with its implementation [39]. Such contradiction underlies reservations toward the Act, given its use of misleading semantics. Moreover, human rights groups have strongly opposed the legislation of the HSA arguing that it constitutes the building blocks of martial law. The rights that are at risk of being violated include freedom of expression, association, speech, movement, and due process, among others [40]. The accountability of the Anti-Terrorism Council for human rights violations while carrying out its mandate of fighting against terrorism is not specifically addressed in the said Act, blurring the line between Judiciary and Executive roles [40].

Supporters of the anti-terrorism legislation, on the other hand, point to Section 2 of the Act which highlights the safeguard mechanisms for protecting human rights by upholding basic rights and fundamental liberties as enshrined in the Constitution. They argue that the HSA is crucial for strengthening the country's democratic ideals since 'unlike the secrecy surrounding the pre-HSA extrajudicial killings, the new law makes the prosecution of terrorists a transparent matter that proceeds under the supervision of the Philippine judiciary' ([41] pp. 215–216). Despite such contextualization, the inefficiencies of the country's criminal justice system have not been properly addressed [42]. Understandably, several international organizations, most notably the International Federation for Human Rights and Human Rights Watch, are sceptical about the effectiveness of these safeguards, given the government's bad record for policy implementation, and they argue that what the Philippines really needs is not a new and dangerously broad counterterrorism law, but better efforts to make its current justice system work [43].

This age-old dichotomy between the ineffectiveness of the law and the inefficiency of the system is underlined in the report published by the National Council of Churches in the Philippines, which asked, 'How can the State—which stands criticized for tolerating, if not authorizing the gross and systematic violations of human rights—guarantee that, in implementing the HSA, the people's civil and political rights are not trampled upon' ([40] pp. 168–169)? As such, various segments of civil society including the academia and NGOs share the view that RA9372 is in violation of the Philippine Constitution by purporting information designed to mislead the people [40].

Overall, these two limits have significantly undermined the Philippine government's efforts at effectively cohabiting human security (defined in terms of economic security) into its national security

framework. At the root of this insecurity is a deeply-entrenched patronage system controlled by powerful Filipino oligarchy. The pervasiveness of this politico-economic arrangement has resulted to structural poverty and institutionalized inequality that undermines the Philippines' supposedly people-centred national security model. Neoliberal economic policies intended to improve development have been cunningly exploited by oligarchic forces to their uncontested advantage. By systematically obstructing social-equalizing measures that curtail oligarchic wealth, 'national' prosperity is permanently entrapped within the elite strata of the society. The omnipresence of neo-patrimonial culture in the Philippines reinforces a 'bipolar' society wherein a few families enjoy the abundance of wealth at the expense of the majority. Despite the Philippines' co-habitative national security framework underlining equitable and inclusive economic development, the limits to democratization vis-à-vis its Human Security Act, have significantly undermined this end goal.

3. Cohabiting Human Security into Malaysia's National Security Framework

3.1. Malaysia's 'Cohabitave' National Security

Malaysia's national security rhetoric and agenda are a reflection of the government's struggle to transform a former British colonial territory into one cohesive and united nation. Accordingly, Malaysia adopts a fairly comprehensive approach in defining national security by weaving together its military, political, economic, social, cultural, and psychological components [44]. Several material and ideational factors influence Malaysia's conception of national security, including: geography and history; multi-ethnic identity and religious plurality; an aspiration for national unity and integration; and a dream of becoming a developed country and a model Islamic nation [45–46].

As such, Malaysia's national security encompasses both internal and external dimensions. On the one hand, the domestic security being derived from internal peace, law, and order is crucial to the fulfilment of basic needs and demands of its pluralistic society [45–46]. The presence of internal stability and harmony underpin Malaysia's pursuit of national development and progress. Hence, the passage and enactment of legislation considered draconian in some liberal democratic states is deemed necessary by the Malaysian government in order to control its ethnically-diverse population [46–48]. On the other hand, external security focuses on wide-ranging transnational threats engendered by regional and global events including terrorism, maritime piracy, drug cartels, illegal migrant workers, and human trafficking, to name a few [49–51]. Malaysia's pursuit of national security, therefore, implies the notion of strategic survival, both inside and outside its sovereign boundaries.

The conception of Malaysian national security has been largely inspired by the Emergency period between the years 1948 and 1960 [45,52–55]. This period saw the Malayan forces, backed by their British colonizers, fight against the Malayan National Liberation Army (MNLA), a group of Communist insurgents who claimed to be promoting a new democratic socialist Malaya [45,46,52]. In response, the coalition launched its 'hearts and minds' campaign to weaken the social appeal of Communist propaganda and earn the loyalty of those sympathetic to them [45,48, 52,56–57]. This proved to be an effective component of the coalition's anti-Communist strategy as it led to the establishment of a new constitution singed between the United Malays National Organization (UMNO) and the Malaysian Chinese Association (MCA) in 1957 [45–46]. It is worth noting that both signatories are member parties of the ruling BN coalition.

The new constitution recognizes the legality of special preferences and privileged positions being provided to the Malays [45,48,52–58]. Islam has been formally elected as the state religion, while Malay was made as the country's official language. Moreover, the new constitution has granted a fixed quota of posts in the civil service to Malays in addition to their guaranteed traditional land rights. In exchange for accepting these terms under the Constitution, the Chinese have been offered extended rights of citizenship [45–46,59]. As stated in Article 153 of the Malaysian Constitution:

> It shall be the responsibility of the Yang di-Pertuan Agong (King of Malaysia) to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article [60].

Thus, the Constitution provides strong legal basis for the provision of exclusive rights and privileges to Malays, locally known as the Bumiputras (literally, sons of the soil) which are not extended to other ethnicities thriving in Malaysia, particularly the Chinese and Indian-Malaysians. Notwithstanding Malays' continued political supremacy and a considerably enhanced economic status, Article 153 remains entrenched in the Constitution. The application of the Malaysian Constitution legitimizes Malay interests even at the expense of all other Malaysian ethnic groups.

The Emergency period served as a sine qua non for legitimizing a national security framework that is both operationally despotic and ideologically centered on addressing the root causes of threats. Malaysia's national security is essentially based on material and ideational constructs designed to secure its ruling dynastic coalition—the Barisan Nasional (BN)—rather than the diversity space necessary for accommodating the political and economic needs of its multiethnic population. In fact, the BN defines itself as a confederation of political parties that subscribe to the objectives of the coalition, as opposed to the objec-

tives of Malaysia's national interest [61].

Combining ideological constructs with a coercive apparatus has been the traditional approach to developing Malaysia's national security rhetoric and agenda since the period of Emergency [46,52,54–55, 62]. Such an approach is designed to secure the BN by suppressing the growth of unorthodox ideas and concepts, while justifying the supremacy of values being cultivated by the ruling coalition. Together, coercive and ideological instruments have played a crucial role in Malaysia's national security, which made paramount the implicit protection of the Malay-dominated coalition at the expense of its diversity space.

3.2. Limits to Malaysia's Diversity-based National Security

In doing so, the UMNO-led BN coalition has vigilantly upheld a paradoxical security framework propelled by its 'hearts and minds' slogan exercised through coercive and repressive legislation [48, 62–63]. Such a paradox presents two critical limits to Malaysia's diversity space that is pivotal to the country's cohabitative national security, namely: (i) limits to ideological security apparatuses, and (ii) limits to material security apparatus. The interplay between these factors substantially undermines the country's capacity for independently formulating and executing political and economic policies vital to its national security. The succeeding subsections discuss these limits which help explain the country's continuously shrinking diversity space, and therefore, its failure at fully embedding the notion of human security (defined in terms of ethnic security) within its national security framework.

3.2.1. Limits to the Ideological Security Apparatus

A central task of the BN's security ideology is the regulation and control of alternative channels for discussing nonconforming opinions [48,62]. A variety of ideological constructs have been put in place to legitimize the suppression of local political opponents and critics, thereby protecting the prevailing Malay-dominated status quo. As Downs ([64] p. 96) argues, these nonmaterial forces represent 'a verbal image of the good society and of the chief means of constructing such a society.' In other words, the government systematically regulates the employment of ideologies to promote and preserve the security of the BN coalition, pursued under the pretext of safeguarding the constitutionality of specific Malay rights and privileges that do not apply other ethnic groups.

The coalition's security ideologies serve a two-level function: first, restricting the space available for alternative ideas that question the BN; and second, legitimizing the passage and enactment of coercive instruments vis-à-vis the coalition that exercises them [48,63]. In doing so, they help in securing the preeminent status of the coalition against threats coming from various oppositional groups. The fluidity of ideas, however, implies that the coalition's security ideologies are neither permanent nor fixed but are contingent on specific political and social contexts of the time (48, 62]. Hence, there is no overarching idea that dominates Malaysia's security rhetoric. Nevertheless, there is an underlying goal that binds these security ideologies together, that is, winning the hearts and minds of societal actors that threaten Malaysian national security defined in terms of BN security.

These coalition-enhancing ideational forces create a 'cloak for shabby motives and appearances' by legitimizing and giving meaning to its conduct ([65] p. 314). They act as political tools for securing the coalition's hegemony, rather than being mere reflections of the country's national aspirations. The uncertainty and complexity of Malaysian politics in the twenty-first century transforms these ideological constructs into electoral 'chips' necessary for continued survival of the coalition [48,53,62–63,66–68]. Accordingly, the ideational components underpinning Malaysia's national security framework are naturally bent to quash counter-narratives, thereby further shrinking the country's diversity space.

Islam plays a pivotal role in the hearts and minds campaign of the coalition. As a Muslim-dominated federal constitutional monarchy, Malaysia's national security becomes a function of its state-configured Islamic ideology [48,63,69–71]. Its goal is to cement the country's role as a worthy leader of the Muslim world by projecting an image of moderation and tolerance [48,62–63]. Islam must be the people's way of life and the coalition's brand of leadership. It is the very 'visible hand' that runs and controls Malaysia's internal and external affairs, and dictates what the objectives of national security will be. Crafting the country's national security rhetoric and agenda based on the underlying goal of securing the coalition becomes the paramount concern of the ruling BN political elites, particularly for those comprising the United Malays National Organisation (UMNO) party [48,62–63].

On the one hand, Mahathir's security ideology represents a two-faced Malaysian national security framework by endorsing a non-violent and non-forcible Islamic rhetoric at the international scene, while encouraging coercive and aggressive policies in implementing these teachings at the domestic sphere on the other [48,59,63]. Such an approach to national security effectively aids in the legitimization of the coalition's domestic security machinery which means the perpetuation of the Malay-dominated BN coalition, and therefore, the diminution of Malaysia's diversity space.

At the international level, the Mahathir regime has portrayed Malaysia as the 'model Islamic state' of the post-9/11 world [48,51,55,62–63]. The former PM argued that its government had been successful in fighting terrorism domestically by adding ideological

'sweeteners' to its coercive policies [51,55,62]. Such a claim is typically made in the context of the Emergency, where the defeat of communism is largely viewed as a result of its hearts and minds ideology, emphasizing a moderate and tolerant Islam [45–46,52,54,62].

At the domestic level, however, the opposite is observed. Mahathir's state-sponsored Islam has been propagated with the help of strong coercive legislation, particularly the Internal Security Act (ISA) of 1960 and its replacement, the Security Offences Special Measures Act (SOSMA) of 2012 [48,54,56, 59,63,72]. This highlights underlying contradictions within Mahathir's ideational panorama—conquering the hearts and minds of a fearful population through the forced imposition of a coalition-made Islam. The implicit goal of eliminating counter-narratives to BN's vision of Malaysian nation-building has been pursued under the banner of counterterrorism (48, 63).

On the other hand, Badawi's security doctrine which he called Islam Hadhari (Civilizational Islam) still reflects Mahathir's aim at securing the coalition, rather than the diversity of its multi-ethnic population [48,63,73–74]. Substance-wise, Islam Hadhari has no significant difference from Mahathir's Asian values [75]. In terms of form, however, Abdullah's ideology takes Mahathir's notion of the 'model Islamic state' to a higher level, by developing a comprehensive doctrine embracing Muslim and non-Muslim audiences alike, both at home and abroad [48,63]. In other words, Malaysia's signature Islam has been transformed into an exportable commodity that reinforces the legitimacy of the BN coalition beyond the country's borders [48,73].

The terms that have been used to develop Islam Hadhari were fairly 'universal', and as such can be applied to different contexts. Badawi's ideology represents a shift toward understanding the contemporary era within the purview of Islam [73]. It is the form, rather than substance that made Islam Hadhari an appealing ideological construct [48,63]. By utilizing charismatic Islamic terminology, Badawi has succeeded in reigniting the coalition's unpopular security ideology (Liow 2005). Badawi's main thrust is to recalibrate Islam as a progressive religion that values individual and communal development [76]. For instance, the fourth, fifth, and sixth principles highlight Islam Hadhari's economic undertones which reflect Badawi's promotion of Islam as a religion for development [48,51,63,57,77–78]. By restoring the sense of moderation toward the practice of Islam, Badawi had hoped that non-Muslim Malaysians would feel embraced by the regime [69].

At the international level, Badawi attempted to export Islam Hadhari to both Muslim and non-Muslim countries. The idea is to cement Malaysia's role as a model nation and leader of the Muslim world by manufacturing it as a development model based on a state-authorized version of Islam [48,63]. However, at the domestic level, the operationalization of Badawi's doctrines is questionable at best. It is not clear whether Islam Hadhari represents genuine efforts toward a progressive interpretation of Islamic thinking, or merely a strategy for securing Malaysian votes by not openly marginalizing its non-Malay and non-Muslim population [69,76].

The coalition has utilized its ideological machinery in justifying the coercive measures undertaken during a series of crackdowns against 'deviant' sects such as the Tarikat Samaniah Ibrahim Bonjol in 2004, and Terengganu or Sky Kingdom in 2005 [79–81]. In 2004, seventy members of the Muslim sect Tarikat Samaniah Ibrahim Bonjol were arrested in Selangor by Islamic religious authorities [79–81]. The government claimed that the sect treated the Qur'an as a historical text, which resulted to its 'casual' attitude toward prayer and marriage. In the aftermath of these arrests, Malaysian chief executive, Khir Toyo announced his plan to vanquish some sixty divergent sects operating in Selangor [79–81]. In 2005, another religious sect in Terengganu known as Sky Kingdom was also shut down by the Department of Islamic Development [79]. The government claimed that the movement was propagating documents that countered Islamic teachings. Its leader, Ayah Pin was presented to the public as threat to national security by espousing alternative views on religion and lifestyle that differ from those provided by the government. In doing so, Aya Pin was not only jeopardizing the country's official religion but also destabilizing the political status quo [80].

The government has portrayed these religious entities as threats to Malaysia's national security by espousing alternative views of Islam, and adopting a lifestyle different from the ones endorsed by the BN coalition. However, Sky Kingdom's 'threats' to national security were ideational rather than material in nature. These events offer a glimpse to the condition of diversity space in Malaysia despite its multiethnic, multireligious society. These events highlight Malaysia's unsecured diversity space amid a multiethnic, multireligious society, which in turn, undermines the country's national security.

Islam Hadhari has also provided the government an effective ideological apparatus for stifling its political rival, the Pan-Malaysian Islamic Party (PAS). Badawi has likened PAS' brand of Islam to a trap that must be exposed to prevent Malay Muslims from being ensnared [48,74]. Under *Islam Hadhari*, the PAS is faced with a lose-lose situation: either to comply with a BN-sponsored Islam and operate within this limited context or reject this model and become an enemy of the state [48,55,63,76]. Either way, the ideological terrain within which PAS can manoeuvre is significantly diminished. Needless to say, Islam Hadhari has further enhanced the government's monopolistic control over the organization and facilitation of Islam. Divergent sects operating beyond the provisions and boundaries

set by the coalition are more easily detected and trounced. Hence, *Islam Hadhari* becomes an extension of the implicit campaign against the expansion of the diversity space critical for Malaysia's pluralistic society.

3.2.2. Limits to the Material Security Apparatus

The government's ideational security constructs are complemented by a material security apparatus. This involves are coercive laws designed to secure the status-quo by removing all material and/or ideational challenges to its legitimacy [45–46,48,53–55,58–59,63,67,82]. A primary example is the recently repealed Internal Security Act (ISA) passed by PM Abdul Rahman in 1960 [83]. The ISA served as a preventive detention law which enabled the arrests of individuals without trial and criminal charges under limited, legally defined circumstances for sixty days. Moreover, the Act also allowed the extension of this detention period for up to two years upon the discretion of the Home Minister with minimal judicial review [83]. As stated in Section 73 of the Act, 'any police officer may arrest and detain without warrant any person who has acted or is about to act or is likely to act in any manner prejudicial to the security of Malaysia or any part thereof' [83].

The ISA is further complemented by the Sedition Act, revised in 1971 by Malaysia's second PM Tun Abdul Razak which made any questioning of Malayan paramountcy an act of treason. The Act prohibits virtually all activities with 'seditious tendency', resulting to disaffection and hostility toward the government or communal ill will [84]. Despite initial controversies, the coalition has skilfully justified the presence of ISA and Sedition Act as necessary legislation for ensuring Malaysia's national security [45–46,52].Such laws are deemed to be particularly relevant in the context of the post-9/11 world order, where they serve as effective counterterrorism measures akin to the Patriot Act of the US, and the Anti-Terrorism Act of the UK.

In recent years, however, opposition to the ISA has grown considerably. Critics have argued that the Act was passed to stifle what should have been legitimate political oppositions under a well-functioning democratic society and as such had been compared to internal pre-emptive strike, given its preventive nature [53–54]. For example, during the 1987 Operasi Lalang (Weeding Operation), 106 people were arrested without proper charges under the ISA. Most of the detainees were members of the opposition party and various social activist groups. The coalition issued a White Paper explaining the arrests, stating that various groups which had played up sensitive issues and thus created racial tension in the country had exploited the government's liberal and tolerant attitude [54–55,85–86].

One of the most significant outcomes of this struggle was the introduction of section 8B of the ISA which blocked judicial review of ISA detentions including those brought as habeas corpus petitions [87–88]. In 2001, this section of the ISA was used to detain members of the People's Justice Party (PJP) dubbed as the 'Reformasi or KeADILan 10' [87–88]. The detainees, led by Anwar Ibrahim's wife, Wan Azizah Ismail pressed vocally for his release, Ibrahim had been convicted of misuse of power and sodomy in trials, which according to Human Rights Watch, were marred by coerced confessions of key witnesses [87–88]. Prior to his imprisonment, Anwar was leading rallies across Malaysia in support of his newly-formed reformasi movement, preaching to vast crowds in favour of far-reaching social, political, and economic reforms [45,54–55,86]. In response, Mahathir's side claimed that the arrested activists were planning violent protests to overthrow the government and were attempting to procure dangerous weapons and explosives [87–88]. Yet despite the serious nature of these charges, the government failed to produce any credible evidence to support its claim.

These abuses drove oppositionist groups, human rights activists, and other civil society advocates to mobilize large-scale protests against the ISA, portrayed as unnecessary draconian law that does not bode well for Malaysia's vision of progressing toward 'developed nation' status [87–88]. The popularity of these movements, along with the resurgence of a stronger opposition after the 2008 General Election, played a crucial role in PM Najib's decision to repeal the Act. In 2012, the Security Offences (Special Measures) Act or SOSMA has officially replaced the ISA [89]. The new Act is envisioned 'to provide for special measures relating to security offences for the purpose of maintaining public order and security and for connected matters.'

In contrast to ISA, the new law requires the filing of charges based on credible evidence against detainees after twenty-eight days [89]. Thus, the burden to produce reliable proof within a specified time frame is shifted to the government's law enforcement and intelligence agencies responsible for combating terrorist activities. However, SOSMA is also being criticized from both sides. On the one hand, anti-terrorist groups argue that the requirement to bring charges within twenty-eight days under SOSMA weakens Malaysia's capacity to pre-emptively contain terrorist threats [90]. On the other, human rights groups criticise SOSMA for allowing police to authorise communication intercepts and permitting prosecutors to present evidence without disclosing sources. Moreover, acquitted suspects in the midst of an appeal may still be detained in prison or tethered to a monitoring device until the appeal is formally settled [90].

Overall, these two limits have significantly undermined the Malaysian government's efforts to effectively cohabit human security (defined in terms of ethnic security) into its national security framework. The BN's ideational and material security apparatuses

ensure the preservation of a Malay-dominated status quo. In the process, the BN has become synonymous with the Malaysian nation-state. The noble objective of protecting Malays' interests is equated to the venal objective of preserving the BN's political supremacy, pursued under the banner of securing Malaysia's shrinking diversity space. In pursuing its Bumiputra-oriented social vision, the government has utilized trade liberalization, along with complementary neo-liberal economic policies, but often at the expense other Malaysian ethnic communities. In other words, they have been fervently pursued to reinforce and safeguard a Malay-imagined society. As long as the constitutional frameworks that legitimize a Bumiputra-centric Malaysian nation-state are sustained, de-ethnicizing the country's politico-economic and socio-cultural arrangements remains highly implausible. Thus, Malaysia's national security is, for better or worse, developed around Malay ethnic identity.

4. Conclusion

This article has critically examined the Philippines and Malaysia's experiences with cohabiting the human security concept into their respective national security frameworks. It argued that while on the one hand, the Philippines' primary security referent object is its shrinking development space amid a deeply-entrenched patronage system controlled by a powerful Filipino oligarchy; on the other, Malaysia's main security referent object is its contracting diversity space amid a Bumiputra-centric political economy, developed and controlled by the perpetually ruling BN coalition. Both the Philippines and Malaysia's primary security referent objects—development space and diversity space—represent the non-traditional, people-centred dimension of national security rather than its traditional, state-centric dimension.

A variety of limits have severely undermined the two countries' efforts at cohabiting human security into their respective national security frameworks. In the case of the Philippines, the limits of its democratization and its Human Security Acts have produced an enormous challenge to securing its development space, defined in terms of economic security. Whereas in the case of Malaysia, the limits to ideological and material security apparatus have presented significant constraints in securing its diversity space, defined in terms of ethnic security.

These limits have contributed to the country's lacklustre experience with cohabitative security. Nevertheless, both cases have illustrated a concrete way of giving entitlement to non-traditional, people-centered elements of security as legitimate referent objects of a national security framework. The Philippine and Malaysian experiences underscores a two-pronged assumption: first, the meaning and provision of national security can neither be eloquently articulated nor completely substantiated without consideration of 'below the state' actors and issues; and second, the eminent status of the state vis-à-vis power in providing national security can neither be trivialized nor undermined.

Hence, instead of downplaying a state-centric concept while highlighting a people-centred model, cohabitative security amalgamates statist and humanist views of national security. This is one approach to resolving the 'entitled state versus untitled human' dilemma in which the state is ordinarily depicted as an antagonistic force obstructing the quest for human security.

This invisible yet concrete divide between states and individuals vis-à-vis communities, creates a distorted view that the state does not acknowledge the multidimensionality of national security in the modern-day era. Thus, despite claims being made by state actors with regard to their revised national security rhetoric and agenda, non-state actors continue to view national security as a purely militaristic object bereft of human sensibility. On the one hand, the state claims to have created a novel national security vision protecting human security. But on the other hand, citizens and communities equate national security to the anachronistic pursuit of sovereignty and territorial boundaries.

The employment of cohabitative security means that state security and human security become mutually constitutive and reinforce dimensions of national security. A shift in the government's perception of state security can have a corresponding impact on individuals and communities' collective perception of human security, and vice versa. Therefore, this allows the state to have a more positive and nurturing image in the security narrative. It veers away from the innate tendency to portray the state as a completely distinct security domain that must be temporarily de-emphasized and/or unaccounted for when advancing human security objectives.

In doing so, it 'unvilifies' the role of the state in pursuing a human security rhetoric and agenda. Instead of being diametrically opposed, the cohabitative security approach shows that state security complements human security, and vice versa. To some extent, the invisible divide between the 'high politics' of the states and the 'low politics' of the people and communities is bridged, enabling state actors to realize the multidimensionality of national security in the twenty-first century. A more collective understanding of national security shared by governments and citizens is therefore realized.

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Trading in Vain? Investigating the Philippines' Development-oriented National Security and Free Trade Linkages

(A draft of the chapter that will be published in the Japanese Journal of Political Science)

Abstract: This paper examines the manner through which the Philippine government has utilized free trade in pursuing its development-oriented national security policies and strategies in the twenty-first century. It argues that against the backdrop of uneven economic development being perpetuated by deeply-entrenched oligarchic system and patronage culture, the primary referent of Philippine national security is its diminishing development space. Despite the government rhetoric with regard to the role of inclusive development in enhancing national security, the Philippine political economy remains highly oligarchic and patrimonial. Such a condition has resulted in institutionalised inequality and structural poverty that undermine the country's supposedly development-based security model. The ability of the very few yet very powerful Filipino elites to transform country into an oligarchipelago underscores the inefficiencies emanating from this type of politico-economic arrangement. In light of this, the paper evaluates the impacts of the Philippines' free trade activities on its overall level of development space by focusing on several crucial aspects of free trade that the government has failed to properly consider. Moreover, it scrutinizes the key factors that affect the utility of free trade for securing and enhancing the Philippines' development space. The paper concludes by arguing that the Philippine government's attempts at linking its development-centric security interests and free trade objectives have resulted not only in the the preservation of uneven economic development and but also the further reinforcement of the existing oligarchic system and patronage culture in the country.

Keywords: national security, free trade, economic development, Philippines, oligarchy

1. Introduction

The highly uneven development of the Philippine economy has been a long-standing threat to its national security. At the crux of the country's lopsided economic development is a deeply-entrenched patronage system that is being ruled and maintained by powerful Filipino oligarchs.[1] Such type of politico-economic arrangement has engendered institutionalised inequality and structural poverty that significantly undermine the government's supposedly people-centric national security policies and strategies. As the incumbent President Benigno Aquino III stated in his *2011-2016 National Security Policy* document:

[1] Jeffrey Winters (2011: 6) defines oligarchs as the 'actors who command and control massive concentrations of material resources that can be deployed to defend or enhance their personal wealth and exclusive social position.' Accordingly, an oligarch's ultimate goal, according to Winters (2011: 6) 'is to secure, maintain, and retain his or her position of extreme wealth and power against all manner of threats.' In Aristotle's formulation, democracy is defined as the rule by the poor, whereas oligarchy is the rule of the wealthy few. Nevertheless, Winters (2011: 11) argue that democracy and oligarchy 'can coexist indefinitely as long as the unpropertied lower classes do not use their expanded political participation to encroach upon the material power and prerogatives of the wealthiest.' In other words, the two systems are compatible for as long as the two realms of power do not clash. While oligarchy 'rests on the concentration of material power', democracy 'rests on the dispersion of nonmaterial power' (Winters 2011: 11).

> If the government is able to make good on the promise of taking the high road, the *'Ang Daang Matuwid',* then it must be sure that the people are afforded every opportunity to pursue their individual dreams of a better quality of life – all under the consideration of national security where the welfare and well-being of the people are of primordial consideration.

By articulating the country's lopsided economic development as a threat to national security, the Philippine government has essentially forged a security paradigm that is anchored on the overarching concept of inclusive development.[2] Unfortunately, the neoliberal economic policies designed to enhance economic development such as free trade have been adeptly harnessed by oligarchic forces to their advantage. The elusiveness of trickle-down effects from GDP growths can be explained by the lack of 'political will' to challenge the elites' stranglehold over the Philippine political economy. Consequently, the country's experience with free trade has not entirely transformed the Philippine economy due to the perverse culture of patronage politics. The twin problems of poverty and inequality undermine the government's supposedly development-oriented national security rhetoric and agenda.

This paper critically analyses the Philippines' use of free trade in securing and enhancing the primary referent [3] of its national security in the twenty-first century: its shrinking development space against the backdrop of deeply-embedded oligarchic system that breeds and sustains patronage politics. The term 'development space' in this context specifically refers to the capacity of the Philippine government to independently formulate and implement inclusive policies in addressing the threats being generated by imbalanced economic development. Here I argue that the concept of national security in the Philippines is primarily rooted in the capacity of the government to facilitate proportional levels of economic development that can minimise structural poverty and institutionalised inequality. However, the ability of the very few yet very powerful Filipino elites to transform country into an archipelago of oligarchies or 'oligarchipelago' highlights the underlying oligarchic system vis-à-vis patrimonial culture that has come to define the Philippine development problematique. The continuous primacy of the

[2] The underlying assumption here is the concept of national security in the Philippines now accommodates state-centric and people-centric agendas given the rapid proliferation of nontraditional threats that undermine the quality of life of individuals and societies. In other words, a more holistic approach to framing the national security rhetoric is now being adopted in the Philippines and the incumbent administration's 2011-2015 National Security Policy document is a concrete example of this assertion. Moreover, several local projects focusing on the development of the human security discourse have already been carried out by various sectors in the years following the UNDP's introduction of the concept in 1994. Examples of these are the local NGO called *Tabang Mindanaw* which has proposed a justice-based human security framework, and the academic think-tank called Third World Studies Centre (TWSC) which has formulated a human security index for the Philippines. See, UNDP-Philippines (2005); and Atienza et al., (2010).

[3] The term 'referent' in this study is defined as 'things that are seen to be existentially threatened and that have a legitimate claim to survival' (Buzan et al., 1998: 36).

oligarchy or family dynasties in the domestic political economy highlights the Philippines' 'soft' state and weak democracy. Although oligarchy and patrimonialism do not necessarily facilitate conditions that lead to political and economic marginalisation, nevertheless, in the case of the Philippines, they have further exploited the inefficiencies of an elite-driven political economy. Such conditions have ultimately resulted in the country's diminishing development space.

In light of this, the paper answers the following questions. First, how does free trade affect the primary referent (i.e. development space) of the Philippines' national security policies and strategies in the twenty-first century? Second, what are the factors that affect that capacity of free trade for securing and enhancing the country's remaining development space? Third, and lastly, why does economic development in the Philippines continue to be highly uneven despite its vast experience with democratization vis-à-vis democratic institutions?

To answer these questions, the paper is divided into six sections. In section one I have presented the context through which the Philippines' development-oriented security and trade linkages will be examined. Here I have argued that against the backdrop of profoundly-implanted oligarchic and patronage systems, the primary referent of Philippines national security is its diminishing development space. Notwithstanding the government's rhetoric with regard to the importance of pursuing equitable development via free trade in order to improve national security, the domestic political economy remains highly oligarchic and patrimonial. Examining whether the government is genuinely concerned in addressing the poverty and inequality conditions in the country or is only paying lip service to the electorally-popular idea of a people-centered national security framework is therefore imperative.

In section two, I briefly examine the conditions underpinning the country's uneven economic development. Here I identify some of the areas in which free trade can have a positive role. But as will be illuminated in the subsequent sections, the Philippines' experience with trade liberalization highlights some of the strongest points against the utility of free trade for improving poverty and inequality conditions in the country.

In section three I evaluate the impacts of the Philippines' free trade activities on its overall level of development space. It focuses on the role of free trade as a double-edged strategy that simultaneously expands and contracts the country's development space by expanding its

domestic economy, on the one hand, and reinforcing its oligarchic vis-à-vis patronage systems, on the other.

In section four I investigate some of the key factors affecting the utility of free trade for securing and enhancing the Philippines' existing development space. The goal is to find out the potential consequences and ramifications of these factors on the Philippines' development-based security and trade linkages, and from there, evaluate the country's capacity to overcome its oligarchic system vis-à-vis patronage culture.

Finally, in section five I conclude by arguing that the Philippines' elite-driven political economy legitimizes the county's uneven economic development. The highly corrupt patronage culture that such an arrangement engenders runs in direct contrast to the government's people-centric national security model that emphasises a more equitable and inclusive economic development. Through the strategic exploitation of the country's free trade mechanisms, the Filipino oligarchs are able to maximise not only their economic power but also their political influence even at the expense of worsening poverty and inequality conditions. By preventing the passage of social-equalising policies, the wealth of the nation has remained in the hands of the very few elites.

2. The security threats of uneven economic development in the Philippines

Today, a significant percentage of the Philippine population think of themselves as poor. Self-rated poverty (SRP) ranges from 50.0% to 54.0% between 2004 and 2010; while self-rated hunger (SRH) averages to more than 20.0% for the same period.[4] By the end of 2013, SRP has increased to 55.0%, while SRH has doubled to 41.0%.[5] Its median SRP threshold, that is, the minimum monthly budget with which Philippine households will not consider themselves food-poor, is estimated at US$109.0 for Metro Manila; US$82.0 for balance Luzon; US$91.0 for the Visayas; and US$73.0 for Mindanao.[6]

The pervasive inequality in the country reinforces the socio-economic insecurities being felt by poor Filipino families on a daily basis. Such inequality is manifested not only in income terms but also in non-income terms such as the unequal access to various public goods and services (ADB, 2007, 2009; Son and San Jose, 2009; Tabuga and Reyes, 2011). The country's relatively stable

[4] As of 2014, SRP is estimated at 11.8 million; while SRH is estimated at 8.8 million as of 2014. For more details, see Social Weather Stations website, available online at http://www.sws.org.ph/.
[5] Ibid.
[6] Ibid.

Gini index underscores the difficulty in resolving this problem as inequality conditions remain virtually unchanged since the 1960s (ADB, 2007, 2009; Son and San Jose 2009). Over the last thirty years, the curve has fluctuated within a very narrow band of 0.44 and 0.48 – suggesting a relatively high level of inequality.[7] During the same period, decomposed inequality revealed that more than 90.0% resulted from inequality between individuals within each region, while less than 10.0% was caused by differences in mean per capita income or expenditure across regions (ADB, 2009). Moreover, the data from 2009 showed that the income of the top 1.0% of families in the Philippines was equivalent to the aggregate income of the bottom 30.0% (ADB, 2009).
Such inequality emerges from huge disparities both in the ownerships of physical capital and possessions of human capital (ADB, 2009; Son and San, Jose 2009; Tabuga and Reyes, 2011). These figures simply imply that wealth distribution in the country has not improved. Although average per capita income may have increased in absolute terms, nevertheless, the fruits of economic progress have not been equally shared by Filipinos. For instance, a huge part of the national income ($US6.6 billion) between 2003 and 2006 went to private corporations instead of private households ($US5.23) (NAPC, 2010).

Despite a string of policy reforms introduced since 1986, the country's tale of structural poverty and institutionalised inequality has remained largely predictable over the years.[8] A central component of these structural adjustments related to tariff reform agendas prescribed by the WTO. The Philippines was geared toward the adoption of policies designed for the unilateral liberalisation of its key economic sectors. The principal driving force behind the aggressive liberalisation of Philippine trade was the failure of import substitution strategy to bring about competitive levels of development via industrialisation (Clarete, 1999, 2005; Cororaton, 2000; Habito and Cororaton, 2000). The restructuring of tariffs was first initiated in 1981 when the government rationalised its existing protectionist measures to a narrower band to better manage price distortions induced by trade barriers, on the one hand, and improve the overall efficiency in

[7] See World Bank's computation of Gini Index, available online at http://data.worldbank.org/indicator/SI.POV.GINI.
[8] Based on the Medium-Term Philippine Development Plan (MTPDP), the policies and reforms pursued since the restoration of democracy broadly fall into the following areas: 'monetary and fiscal reforms for restoring and maintaining macroeconomic stability; trade, industrial, and financial reforms for improving economic efficiency and competitiveness; governance reform and decentralisation for improving the effectiveness of the national and local governments; and social policies and programs for fighting poverty, improving income distribution, and achieving the Millennium Development Goals(MDGs). These policies and reforms are embodied in a number of initiatives or programs implemented since 1986, including: trade liberalisation, tariff reduction and accession to the WTO; fiscal consolidation and tax reform; creation of an independent central bank with inflation targeting as a key policy tool; privatisation of several government owned and -controlled corporations; power sector restructuring and reform; comprehensive agrarian reform; banking sector reform and capital market development; devolution of public services delivery to local government units; and declaration of poverty reduction as the overarching development goal and commitment to social programs for poverty alleviation and achieving MDGs.' For full copy of the document, see the National Economic Development Authority's website, available online at http://www.neda.gov.ph/?p=1128.

resource allocations based on the logic of comparative advantage, on the other (Clarete, 1999, 2005; Malaluan, 2011). Where did it all go wrong?

3. Free trade as a catalyst to the Philippines' development-oriented national security

For the devoted advocates of free trade, the Philippine economy has come a long way since its accession to the WTO in 1995. The country's relatively open trade regime has been instrumental for achieving significant economic gains. Between 2005 and 2011, the Philippines has registered: an annual real GDP growth rate of 5.0%; a moderate average inflation rate of 5.0%; and a surplus in external account partly due to high remittances inflows of about 10.0% of GDP. Furthermore, according to the WTO, 'growth has been broad-based across private consumption, investment, and exports, and was helped by fiscal stimulus implemented in 2008 and 2011 in response to the global economic crisis' (WTO-TPR, 2012:1). In 2010, the Philippines was the world's 37th largest exporter of goods and the 27th largest exporter of services (WTO-TPR, 2012).

Furthermore, as one of the founding members of the Association of Southeast Asian Nations (ASEAN), the Philippines has committed to the establishment of the ASEAN Economic Community (AEC) by 2015.[9] A key component of the AEC is the facilitation of ASEAN FTAs with various partners aside from the ASEAN Free Trade Area (AFTA).[10] Thus, through its membership in the ASEAN, the Philippines has been able to negotiate and implement FTAs with the key countries particularly in the Asia-Pacific, including: the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA, 2010); the ASEAN-China Free Trade Area (ACFTA, 2010); the ASEAN-India Free Trade Area (AIFTA, 2010); the ASEAN-Japan Free Trade Area (AJFTA, 2008); and the ASEAN-Korea Free Trade Area (AKFTA, 2010). [11] In addition, the country has also successfully concluded its own bilateral agreement with Japan in 2008 under the so-called Japan-Philippines Economic Partnership Agreement (JPEPA).

However, for the staunch critics of free trade, the term 'multilateral punishment' best describes the remorseful experience of the Philippines in the WTO (Bello, 2004: 3) According to them, the country's membership in this multilateral institution has led to sheer catastrophes that adversely

[9] For more information on the ASEAN Economic Community, see the ASEAN website, available online at http://www.asean.org/communities/asean-economic-community.
[10] For more information of the AFTA, see the ASEAN AFTA website, available online at http://www.asean.org/communities/asean-economic-community/item/asean-free-trade-area-afta-an-update.
[11] For more details on each FTA, see the ASEAN FTA website, available online at http://www.asean.org/communities/asean-economic-community/category/free-trade-agreements-with-dialogue-partners.

affected both its politico-economic and socio-cultural arrangements (Malaluan, 2011; IBON, 2013). Virtually all the drawbacks and externalities predicted by those who opposed the country's membership to the WTO had materialised (Bello, 2004, 2005). Moreover, the amendments being made in the Philippine Constitution designed to accommodate the WTO rules work mainly in favour of the huge multinational and transnational corporations (Bello 2004; IBON, 2013). Thus, proponents of the de-globalisation thesis argue that one of the side-effects of WTO membership has been the corrosion of national sovereignty (Bello, 2005; Altman, 2009). The manner in which the country's legal system is realigned to complement WTO preconditions has undermined the function of free trade as an engine for industrialisation. By doing so, the critics have argued that the government has joined an institution that is not only blind to development but is also non-democratic and non-transparent in its decision-making procedures (FGS, 2003; IBON, 2013). Effective control is monopolised by big trading powers through a process called 'consensus' which in practice has severely marginalised the small and weak trading countries like the Philippines (Bello, 2005: 4).

Three crucial aspects of free trade have been gravely overlooked by the government which resulted to the country's lacklustre performance: (1) failure of 'good' trade intentions; (2) failure of 'good' trade theories; and (3) failure of 'good' trade negotiations.

Failure of 'good' trade intentions

From the perspectives of most Filipino technocrats the progressive elimination of distortive protectionist mechanisms through unilateral reductions of tariff and non-tariff barriers will lead to the adoption of world market prices in the domestic economy (Clarete, 1995, 2005; Habito and Cororaton, 2000; Wignajara et al., 2011). Domestic firms will be subject to a highly competitive market environment being dominated by industrialised economies which will compel them to develop efficiency-enhancing strategies in order to withstand external competition and remain relevant in their respective industries. From the trade policymakers' standpoint, the main motive for transforming the country's highly protectionist trade regime into a more liberalised one is to achieve high levels of efficiency that make Filipino consumers better off.

Hence, the Philippine government had initiated a three-phase trade reform schedule designed to stimulate the performance as well as enhance the competitiveness of its lethargic economy by maintaining a low and nearly uniform tariff rate. In Phase 1 (1981 and1985) the Tariff Reform Programme (TRP) was introduced to narrow down the tariff band from 100-0% to 50-10%

(Clarete, 2005). This was accompanied by the espousal of the Import Liberalisation Programme (ILP) intended to abolish all non-tariff import mechanisms but was temporarily suspended in the midst of mounting political pressures in the country toward the end of the Marcos regime (Habito and Cororaton, 2000; Cororaton, 2004; Clarete, 2005). Nevertheless, Phase 2 was launched in 1991 with the implementation of the Executive Order 470 which further narrowed the range of tariff structure by clustering the commodities within a tariff scale of 10.0% to 30.0% (Clarete, 2005). Finally, Phase 3 entered into force in 1994 with the introduction of a four-tier tariff rate classification: 3.0% for 'non-endemic' raw materials and capital equipment; 10.0% for 'endemic' raw materials and capital equipment; 20.0% for intermediate goods; and 30.0% for finished products (Clarete, 2005).

To predict the effects of having a freer trade on the Philippine economy after its WTO accession, ex-ante simulations using a fifty-sector computable general equilibrium (CGE) had been conducted. Initial assessments of tariff restructurings showed a 2.3% cumulative impact on real GDP (Cororaton, 2004; Clarete, 2005). Statistical findings also suggested that although there would be a relatively small reduction in the employment level, specifically in service and agricultural sector, nonetheless, the number of jobs that would be created in the more competitive manufacturing sector would more than offset this loss (Cororaton, 2004; Clarete, 2005; Aldaba, 2012). The predicted increase in real GDP would lead to more efficient income distributions and therefore, would make the poorest quintile income groups the biggest gainers by receiving the largest share of the GDP growth (Habito and Cororaton, 2000; Clarete, 2005). In short, ex-ante results had verified the optimistic claims made by the chief proponents of WTO membership and the pursuit of trade liberalisation in general.

Critics, however, have expressed their scepticism toward these findings by emphasising some of the serious threats that it could pose to the economy. They argue that domestic producers do not possess the required minimum capacity to compete with industries from the advanced economies (Bello, 2004, 2005; Kawai and Wignaraja, 2010; Wignaraja et al., 2011). Although free trade creates some winners, however, their numbers are smaller than those that are forced out of their businesses. Displaced workers will then face significant adjustment costs as they search for new job opportunities and attempt to develop the required skills for these new jobs (Malaluan, 2011; IBON, 2013). For instance, the abolishment of protectionist measures in the manufacturing sector will force local firms to shut down operations, thereby leading to higher unemployment rates that aggravate poverty conditions (Wignaraja, 2010; Wignaraja et al., 2011).

Similarly, intensified competition in the agricultural sector will drive down the prices of local produce in domestic markets and result to higher incidence of poverty in rural areas due to reductions in income (Mangabat, 1999; CETIM, 2000; Malaluan, 2011).

These concerns have proved to be legitimate given the significant discrepancies between forecasted and actual outcomes from implementing low, nearly uniform tariff rates upon the country's accession to the WTO. Contrary to the generally positive results that were derived from the ex-ante analyses of trade liberalisation, ex-post assessments showed only a fractional positive adjustment (Cororaton, 2004, 2008; Clarete, 2005). With respect to merchandise trade, results obtained from the ex-post assessments based on secondary data differed from those that came out of ex-ante CGE analyses. For most of the period covered in the ex-ante CGE analyses, imports have exceeded exports which indicated a trade deficit as a result of trade liberalisation (Cororaton, 2004, 2008; Clarete, 2005). In addition, rather than showing a fairly diverse exports basket from a huge number of industries, ex-post assessments revealed a concentration of exports in very few industries (Clarete, 2005; Lim, 2009; Usui, 2011; Aldaba, 2012, 2013).

Failure of 'good' trade theories

First, in terms of production, ex-post assessments revealed the manufacturing industry would be a part the problem rather than a solution to job reductions in agriculture and services contrary to initial reports obtained from ex-ante simulations (Cororaton et al., 2005; Clarete, 2005; Aldaba, 2012, 2013). Theoretically, trade liberalisation would shift the resources from industries that are rendered uncompetitive by the lowering of import restrictions to those that would survive the increased market competition. In the case of the Philippines, however, the shares of various manufacturing sectors to total manufacturing production hardly changed (Habito and Cororaton, 2000; David et al., 2007; Aldaba, 2012). In other words, the configuration of the merchandise sector remained largely stationary even during the period of aggressive tariff reduction. The evolution of the country's production space, therefore, would suggest that although its exports basket may have become more sophisticated, nonetheless, industrial diversification have stagnated over the years (Clarete, 2005; Aldaba, 2012, 2013).

Second, with respect to employment, ex-post analyses showed the service sector generating jobs at an annual rate of about 4.5%, thus making it the biggest source of labour force in the country (Clarete, 2005; Cororaton et al., 2006; Serrano, 2008). In fact, since 1988, the service sector has created more jobs for the Filipinos compared to the agriculture and manufacturing sectors. For

instance, between 1995 and 2010, an estimated 10.3 million new jobs have been created (ILO, 2014). Out of this total, 46.9% came from services; 37.4% from agriculture; and only 15.7% from industry (ILO, 2014). Although both the agriculture and industry sectors continue to generate jobs, however, they usually fall short of the required levels particularly in the rural areas (ADB, 2007; David et al., 2007). Based on the percentage of Filipinos joining the labour force, an estimated one million jobs per year has to be created to allow improvements in household incomes; greater efficiency in domestic markets; and ultimately, reduction in poverty levels (ILO, 2014).

Third, with regard to development, the population's per capita income in general has remained relatively constant even years after implementing its tariff reform programs (ADB, 2007; UNDP, 2012). Put differently, the average Filipino's standard of living has remained roughly the same since 1995. Although per capita income slightly dropped from $1,173 in 1980 to $1,165 in 2001, however, the proponents of trade liberalisation argued that this could not suggest that a more liberalised trade made the country either better or worse off (Clarete, 2005; Cororaton et al., 2005; ADB, 2007). Indeed, per capita income could have substantially diminished had tariff reforms not been pursued and the Philippines continued to be a non-WTO member. But for the staunch critics of neoliberal policies, per capita income could have significantly improved had trade protection been maintained or perhaps even intensified (Bello, 2005; Malaluan, 2011). Nevertheless, for the Filipino policymakers in favour of free trade, the positive trends being reflected by other development indicators including life expectancy at birth and literacy rate are attributable to the its relatively open trade policies. For instance, Filipinos' life expectancy has increased from 61.3 years in 1980 to 68.5 years in 2010 (UNDP, 2010). Similarly, the population's literacy rate has also improved as the percentage of illiterate Filipinos dropped from 12.21% in 1980 to 4.58% in 2010 (UNDP, 2010).

Fourth, and lastly, the mediocre performance of Philippine exports according to ex-post assessments could be substantively explained by the high transaction costs rather than the difficulties related to market access (WTO-TPR, 2005, 2012; ADB, 2007). More specifically, the country's inability to enhance its efficiency in mobilising products from the production points to the markets has significantly contributed to the underperformance of the Philippine export industries. In other words, the problem was more logistical in nature given the lack of responsiveness on the part of the Filipino exporters to the changing demands of importers of the country's goods and merchandise. The Philippine experience has provided a clear illustration

of how transaction costs could potentially weaken, if not reverse, the expected positive net effects of lowering trade protection rates on resource allocations. It showed that reduction in import restrictions do not automatically lead to the efficient redistribution of resources to export-oriented industries due to substantial levels of transaction costs as opposed to being zero (WTO-TPR, 2005, 2012; ADB, 2007).

The inability of various ex-ante and ex-post analyses to reasonably predict the impact of free trade on the Philippine economy have led the critics to claim that the government's decision to abandon its import substitution policies has further aggravated the poverty and inequality conditions due to significant loss of jobs (Bello, 2004; Malaluan, 2011; IBON, 2013). Thus, as far as the opponents of free trade policies are concerned, the Philippine experience proves that trade liberalisation is not a straightforward solution to economic underdevelopment but only perpetuates structural poverty and institutionalised inequality in the country.

Failure of 'good' trade negotiations

The Philippines' lack of central agency responsible for the formulation and implementation of its free trade goals and objectives creates inefficiencies that constrain benefits, including: (i) turf mentality among government offices; (ii) limited capacity for trade research; (iii) blurring of authority delineations; and (iv) absence of suitable mechanisms for consultations and feedbacks (Pasadilla and Liao, 2005; Wignaraja et al., 2011).

First, representatives from various line agencies comprising the Tariff and Related Matters (TRM) Committee show symptoms of turf mentality that prevents the formulation of complete and cohesive cross-industry trade strategies (Pasadilla and Liao, 2005). A misplaced competitive spirit often dominates inter-agency dialogues which undermine efforts toward the facilitation of a more cooperative environment. The TRM members have developed a rather strange outlook that forces them to protect the industry that they are representing at all costs, regardless of its effect on other industries and the economy as a whole (Aldaba, 2012, 2013; Abad et al., 2012). Rather than advancing the country's collective trade interests, they insist upon the protection of their respective sectors which leads to sub-standard proposals and inferior outcomes. In other words, a better-equalised national position is traded over the narrowly-defined sectoral motives. Accordingly, identifying priority industries has become highly politicised since all representatives demand preferential treatment for their own sectors.

Second, the absence of a clear-cut mandate and delineated lines of authority in formulating trade policies has ultimately resulted to misunderstandings and grave misuse of national resources (Pasadilla and Liao, 2005). For one, going beyond the committee's collegial nature in order to make and implement difficult decisions on highly contested issues can be very problematic (Abad et al., 2012). In addition, unqualified members from different line agencies are sometimes being tapped to represent the country in bilateral trade negotiations due to resource constraints (Nye, 2011). Given their lack of technical qualifications for negotiating and limited experience with the language and practice of international trade, they usually end up conceding to the agreements that are unfavourable to the country's economic well-being. This problem was highlighted during the JPEPA negotiation rounds in which the inexperienced Filipino negotiators agreed to the nontrade-related demands being solicited by their Japanese counterparts but were previously rejected by the veteran trade representatives (Pasadilla and Liao, 2005; van de Haar, 2011). Such practice inexorably places the Philippines at a disadvantaged position without them realising the costs. This highly fragmented delineation of authority leads to loss of institutional memory which further underlines the lack of fit between the system and the country's trade activities.

Third, aside from the problem of disjointed coordination, the Philippine government is also severely restricted by its limited resources particularly for various trade researches (Pasadilla and Liao, 2005; Abad et al., 2012). The lack of financial resources for enhancing the technical capacities of concerned agencies for conducting extensive studies on trade policies undermines the efforts toward effective negotiations. The government agencies responsible for the formulation of trade policies lack the necessary skills and knowledge for understanding the complex dynamics of international trade negotiations. One of the more serious effects of this problem is the reliance of line agencies on the researches being funded by private-sector lobbyists that do not necessarily provide accurate findings and credible recommendations given their vested interest on these particular trade issues (Pasadilla and Liao, 2005; Abad et al., 2012). The derisory treatment of numerous trade matters that need to be explored results in incomplete understanding of the ramifications of different agreements that the government is signing or has previously signed.

Fourth, the presence of strong top-down influence with respect to policy formulation enables lobbyists to exploit multiple power centres in various segments of the government (Pasadilla and Liao, 2005). The systematic involvement in policy planning process is being overwhelmed by

clientelist method being adopted by the powerful industrialists that is designed to capture the votes of the Congress and other key figures in the executive branch (de Dios and Hutchcroft, 2003; Nye, 2011). This type of political climate breeds disillusionment on the part of trade policymakers given the patron's wherewithal to reverse or thwart the decisions that have been scrupulously formulated by the committee at the stroke of a prominent official's pen. As such, patronage politics breaks the shield that is supposed to 'immunise' national trade strategies from unwarranted external pressures. Moreover, it causes sluggishness in the TRM mechanism considering how resolutions that have been fervently debated between inter-agency committees can easily be upended (Pasadilla and Liao, 2005). Government officials are usually having a hard time standing their grounds when confronted by representatives from private sectors given the former's self-acknowledged limitations in contrast to the latter's sense of entitlement.

Lastly, and perhaps the most disappointing of all, the Philippines' trade sectors lack significant level of awareness about the breadth and depth of the country's involvement in free trade (Pasadilla and Liao, 2005; Wignajara et al., 2011). Ironically, despite their vested interest, local industry players often do not have well-defined goals in relation to the concessions that they wish to gain from the Philippines' various trading partners. The failure to properly set expectations with regard to the preferential access to foreign markets represents a missed opportunity on the part of Filipino industrialists to positively contribute to the development of effective trade policy strategies (Abad et al., 2012; Aldaba, 2012, 2013). While this may be gradually changing, the Philippines' trade orientation, however, remains largely defensive. Put differently, the government vis-à-vis the industrial players are more concerned about how to best safeguard the domestic interest rather than finding ways on how to more effectively exploit the foreign markets.

Improving the overall process of trade policymaking in the country, however, is far from being a panacea. For better or worse, the Philippines' trade positions and strategies still rest on the hands of the elected officials since they are a function of the country's national priorities. The success in various trade negotiations, along with their actual impacts on the domestic economy, is contingent upon the general quality of the domestic polity and the choices that the government makes. Thus, while the institutionalisation of trade policy mechanisms may indeed help, nonetheless, much still depend on the head of state's overarching vision for the nation.

4. Limits to the Philippines' development-oriented national security and trade linkages

Several factors influence the Philippine government's capacity for overcoming the deeply-entrench oligarchic factor permeating the country's political economy. These are: (i) limits of 'patrimonial' democratisation; and (ii) limits of one-size-fits-all economic policies. The first factor represents the direct influences of the Philippines' oligarchic system vis-à-vis its patronage culture toward the country's uneven economic development. The third factor represents the indirect influences of an oligarchy-driven and patronage-based political economy that further aggravate the structural poverty and institutionalised inequality in the country. It is worth noting, however, that these factors are interconnected and therefore overlap with each other. Together, they undermine the development-upgrading utility of the Philippines' free trade activities by reinforcing further the underlying oligarchic factor.

Limits of 'patrimonial' democratisation

The decision of the American colonial regime to transplant its own brand of representative democracy into an economic arrangement dominated by the landed oligarchs has enabled the latter to seize control of the country's democratic institutions and procedures (Manacsa and Tan, 2012; White III, 2015). In doing so, the United States set aside the policies which had the potential to transform the Philippine polity into a more level playing field. Consequently, the domestic political space had been insulated from the revisionist agendas being espoused by various social factions. The government's capacity for independent actions, therefore, had been curtailed by the oligarchic groups attempting to amass public power to protect their vested interests (Villacorta, 1994; McCoy, 1994; Hutchcroft, 1998). In addition, the're-democratisation' process that took place immediately after the end of the Martial Law had simply led to the reinstallation of a pre-Marcos political order (Quimpo, 2009, 2015; Manacsa and Tan, 2012; Hodder, 2014). The upshot is the reproduction of elite authority that has further subjugated the Philippine political economy – the *sine qua non* for the country's highly asymmetrical economic development. Despite the introduction of various democratic institutional reforms, the underlying oligarchic force is still able to permeate and saturate the Philippine government vis-à-vis bureaucracy.

The question therefore is, why and how does oligarchic power overcome state power? All throughout Philippine history, a few very influential families owning huge corporations and vast lands have ruled over the government. The Americans' strategy for consolidating their power throughout the archipelago had enabled the elites to further expand their economic interests via political appointments (Krinks, 2002; Manacsa and Tan, 2012). In the process, these families

have exploited the country's public goods and resources which continue to fuel institutionalised corruption. Several infamous terms have been used to describe the country's pitiful politico-economic condition such as 'anarchy of families'; 'booty capitalism'; 'non-substantive democracy'; 'ersazt capitalism'; and 'cacique democracy' (McCoy, 1994; Anderson, 1998; Hutchcroft, 1998; White III, 2015). The conspicuous incapacity of the government to 'immunise' itself from oligarchic manipulation has significantly helped in maintaining and exacerbating the country's disproportionate development.

When the United States' colonial regime had decided to erect political agencies to facilitate electoral contestations in the Philippines, the elite clans had consolidated their powers to give birth to a national oligarchy instead of a national government (Anderson, 1998). Such a system has bred what the Filipinos now call as *trapos*, a pejorative term that is being used to describe traditional 'dirty' politicians (Magno, 1995; Manacsa, 1999; Eaton, 2003). These *trapos* are deemed to be responsible for the 'reverse accountability' in Philippine politics by holding the individual voters accountable for electing their respective patrons into power in exchange for favours that are either provided in the past or being promised to be delivered once elected (Hutchcroft,1998; Quimpo, 2009, 2015; Hodder, 2014). In this scenario, the peasants and the labourers' interests are being co-opted by the landlords' personal preferences. Thus, it may be inferred that the voters' support for their patrons is largely a function of the latter's 'own interests, rewards for loyalty, and the fear of vengeance' (Linz, 1975: 260).

Even the implementations of disastrous economic policies being endorsed by some top government officials and policymakers have eventually been manipulated to protect the interests of the Filipino oligarchs. To this extent, the Philippines' uneven development is not simply a matter of constantly choosing the wrong policies to implement, but rather the result of conscious efforts by the rent-seekers to maintain them despite their damaging effects to the rest of the country. A perfect example was the implementation of import substitution industrialisation by the government after its independence from the United States in 1946 (Ranis, 1974; Bautista, 1989; Lim, 2001). In contrast to the export-oriented strategy launched by the East Asian countries that led to annual per capita GDP growth of 6.0%, the Philippines had chosen to implement the ISI and became the worst performing economy in the region (Sarel, 1994). Although the ISI promotion may have been an honest mistake on the part of the Filipino technocrats, nevertheless, the oligarchs' general disinterest for rectifying such an error underlined their tendencies to exploit all profit-maximising policies, both good the and the bad. Thus,

several critics have argued that despite its problems, the ISI policy was maintained for its role in widening the space for oligarchic predation (Quimpo, 2009; Manacsa and Tan, 2012; Hodder, 2014).

Moreover, the 'policy of attraction' introduced by former U.S. governor-general, William Howard Taft's (originally intended to entice the landlord class to collaborate with the American forces rather than joining the revolutionary factions) had transformed the economic elites of the Spanish-colonial era into political elites which now control Philippine politics (Hutchcroft, 2008: 142). Since representative institutions have emerged prior to the development of a strong republic, political parties have become 'convenient vehicles of patronage that can be set up, merged with others, split, reconstituted, regurgitated, resurrected, renamed, repackaged, recycled, refurbished, buffed up or flushed down the toilet anytime' (Quimpo, 2005: 4-5). Paul Hutchcroft (1998: 18-21) has used the term 'neo-patrimonial' to describe this type of political economy in which the rent-seekers emerging from a bureaucratic capitalist system are able to control formal state structures from the outside. The unique Filipino customs of 'giving for gratitude' and 'labour for loyalty' have also complemented these prevailing patron-client relationships, thereby maintaining the omnipotence of the oligarchic elites (Grossholtz, 1964).

The Philippine government has continued to operate within this context from one administration to another since the country had gained independence from the United States. As the Philippine case has exceptionally illustrated, a patrimonial state that allows oligarch relations and interests to dominate bureaucratic systems creates hunting a ground for unrestricted accumulation of personal wealth (Weber, 1978). Therefore, creating a new constitutional framework that replicates a pre-Martial Law system within a relatively unchanged economic arrangement is not only futile but also counterintuitive to any prospect of change. Neither regime change nor democratisation in the Philippines has seemed to help in significantly mitigating the oligarchs' influence over the state affairs, particularly with regard to decisions involving the domestic economy. As a consequence, a strongly developed Philippine republic has yet to emerge (Manacsa and Tan, 2012; White III, 2015).

Limits of 'one-size-fits-all' economic policies

The 2011-2016 Philippine Development Plan (PDP) is Aquino III's blueprint for implementing the government's so-called 'social contract with the Filipino People.'[12] The Plan underlines the

[12] For full copy of the said document, see National Economic Development Authority's website, available online at http://www.neda.gov.ph/?p=1128.

twin problems of inadequate investment and human capital as the main culprits of Philippine economic and human underdevelopment. In doing so, it acknowledges the social reality that the large majority of the Filipinos are being excluded from the country's economic growth. The Plan's main economic thrust is straightforward: stick to the globalisation policies that have been implemented over the last decades; deepen and broaden privatisation through Public-Private Partnerships or PPPs; and selectively implement social protection programs such as conditional cash transfers (CCTs).[13] A more in-depth analysis of the Plan, however, indicates serious problems which are likely to sustain the country's uneven economic development. By insisting on the appropriateness of 'one-size-fits-all' economic policies, the government is misinterpreting the country's current economic situation.

First, the Plan lacks ingenuity in terms of formulating strategies that foster inclusive growth (IBON, 2011). The administration's passive adherence to free market philosophy prevents it from taking a more proactive role in stirring its development goals. While the recent data have shown a relative growth in investments, exports and overall GDP, however, these figures have failed to translate to lower levels of inequality and poverty incidence.[14] Critics have argued that the government's phlegmatic devotion to free trade underlines its anachronistic outlook with regard to development policies (IBON, 2011). This is particularly unsettling when analysed against the backdrop of the continuing WTO stalemate in which member states, particularly those in the developing world, are rejecting more advanced liberalisation measures (Ezeani, 2013; Hartman, 2013).

The selection of target sectors that the government envisions to develop reflects the administration's lack of strategy for inclusive and sustainable national development. Examples of these are the cheap labour business process outsourcing; foreign-controlled ship-building; export-oriented agri-business and forestry; extractive mining; and international tourism.[15] Although investments and exports figures will certainly rise in these sectors, however, none of these can stimulate Filipino industrialisation. Thus, critics have claimed that that the principal task of the government's development plan is to sell the country's national and human resources to foreign investors at a bargain price (Bello, 2004, 2005; IBON, 2011). The government does

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[13] Ibid.
[14] For more details on the current data, see National Statistics Office's official website, available online at http://www.nscb.gov.ph/poverty/.
[15] See, Philippine Development Plan 2011-2016, available online at http://www.neda.gov.ph/?p=1128.

not shy away from its explicit promotion of cheap labour export, setting aside the agenda for creating local jobs that will cut down the number of Overseas Filipino Workers (OFWs). In fact, it even attributed the country's new-found resilience against global financial crises to the steady inflow of remittances.

Moreover, the administration's view of good governance is heavily influenced by the requirements of the free market, that is, improving governance and strengthening weak institutions to bring down the costs and risks of doing business instead of securing the poor's rights to development (Bello, 2004; 2005; IBON, 2011). This gives the impression that the initiatives being undertaken to address bureaucratic maladies including institutionalised corruption are directed toward the goal of attracting foreign direct investments rather than practicing good governance to better serve the people.

Second, the Plan also prioritises the creation of an environment conducive for foreign investors over the construction of a people-oriented development strategy that secures the general well-being of the Filipinos (IBON, 2011; Malaluan, 2011). Despite the Plan's well-articulated mission of fighting poverty and bridging inequality, its systematic evasion of politically unpopular yet socially beneficial policies (such as more just and equitable distribution of wealth, assets and incomes) undermines the credibility of the administration's inclusive development rhetoric. The government seems to be more interested in the development of the business sector rather than the people themselves. While such a strategy may indeed foster a good business climate, nonetheless, it is not necessarily favourable for the economy as a whole. In short, the government seems to favour foreign investments over local capitals; private business profits overs the labourers' welfare; and landowners' claims over the farmers' rights (Bello, 2004, 2005; IBON, 2011; Malaluan, 2011). These biases further strengthen the wherewithal of oligarchic elites for exploiting the bureaucratic systems and resources. In other words, the rudimentary equation of private business success to socio-economic advancements invalidates the government's capacity toward inclusive growth and development.

Third, the administration's problem with budget deficit also compels it to pursue a more intensive privatisation scheme (IBON, 2011; NEDA, 2011). In developing the bulk of the proposed infrastructure programs included in the Plan, the administration relies on extensive public-private partnership (PPP). Such a strategy, however, has the unintended consequence of transferring government responsibility for creating public goods and delivering social services to the private firms. Consequently, the government becomes heavily reliant on the ability of the

private firms to generate even more profits from providing public goods and services (Bello, 2004; IBON, 2011). The commonly-held view is that private funding enables the government to curb down its expenditures and debts. By doing so, the government is able to focus its scarce resources on more important issues that need immediate attention. Furthermore, the private sector is also said to enhance the efficiency for handling public projects given their technical expertise which the government tends to lack. In reality, however, estimating a project's actual cost is not always straightforward since contingent liabilities may easily increase despite the strict procurement procedures (IBON, 2011). In addition, the private sector is not always immune from the inefficiencies which are commonly associated with different government agencies. Problematic contracts sometimes fail to provide the expected level of service and in the process may require additional budget in order to rectify the problem, if not, a complete bailout (Bello, 2004, 2005; Malaluan, 2011).

Fourth, in efforts to cushion the effects of non-discriminatory privatisation, the Plan promotes CCTs as a smokescreen for the marginalising effects of globalisation policies (IBON, 2011). By enabling poor Filipino families to purchase basic health and education services from the private suppliers, the CCTs become an integral component of the privatisation of social services. Critics have argued that the administration's unjustified expansion of the program is not only unsustainable but is also expensive to target because it is merely a debt-propelled aid devoid of any critical reform (Bello, 2010; Comia, 2010). Meanwhile, the more consequential but politically arduous socioeconomic restructurings are continuously being ignored given the government's subscription to unadulterated free market economy. Examples of these are job creation on an economy-wide scale; higher wages and improved incomes; creating opportunities for Filipino agricultural and industrial producers; local technological progress and innovation; domestic capital accumulation, and greater equity (IBON, 2011; NEDA, 2011). By maintaining the current domestic conditions, foreign investors are able to systematically exploit the economy to their incontestable advantage, thereby shutting out local firms and producers (Bello, 2004, 2005; Malaluan, 2011). The huge and profitable infrastructure projects being carried out under the PPP, for instance, benefit not the people living under a dollar a day but the well-established foreign corporations and landed elites (Bello, 2004; IBON, 2011; Malaluan, 2011). Without proper monitoring and evaluation, the government's highly optimistic assessments about its so-called, pro-people development plan can easily be misdirected.

Fifth, and lastly, the Plan is bent to increase tax collections from the poor workers while thoughtfully shielding the rich from further increases in tax obligations (Quimpo, 2009; IBON, 2011). Instead of imposing direct taxes on high-income individuals and corporate profit, and indirect taxes on non-basic luxury goods and services, the administration's strategy for addressing the country's deficit problems is by tightening its development expenditures related to welfare spending, social investments and public infrastructures (IBON, 2011; NEDA, 2011). By insisting on higher taxes on essential goods as well higher fees for basic government services, the administration is effectively transferring a huge part of the burden to the lower-income groups. Indeed, recent improvements on tax revenue collections did not spring from better tax administration but from the reformed value added tax (RVAT), along with de facto higher tax liability from rising energy and oil prices. Thus, for the staunch opponents of the administration, the final outcome of the Plan is sustainable inequality rather than sustainable economic development. By systematically evading the social-equalising measures that cut into the oligarchs' fortunes, the ultimate recipients of the increasing national wealth are the powerful elites. The elusiveness of trickle-down effects from the country's recent growths in GDP can be explained by the lack of development-oriented leadership that challenges the elite interests. The Plan's subconscious democratic biases prevent the government leaders and policymakers from fully appreciating the economic plight of the non-oligarchs and the non-elites in the Philippines.

5. Conclusions

This paper has critically explored and analysed the Philippines' use of free trade in securing and enhancing its development space amid the uneven economic development being engendered by the deep-seated oligarchic and patrimonial systems. It argued that national security in the Philippines is largely anchored on the capability of the government to facilitate a more equitable form of economic development. Over the decades, however, the Philippine political economy has been characterised by pervasive oligarch practices and patronage culture. Such conditions have resulted in institutionalised inequality and structural poverty that both undermine the country's supposedly development-based national security. The ability of the very few yet extremely influential Filipino elites to transform country into an oligarchipelago underscores the inefficiencies emanating from an elite-driven political economy that have buttressed the Philippine development puzzle.

While oligarchy and patrimonialism do not automatically create conditions that result in economic and political marginalisation of the majority, nonetheless, the Philippine case has

unambiguously illustrated the manner in which the elites exploit their inefficiencies to maintain a patronage-based political economy. The rifeness of neo-patrimonial culture in the Philippines underpins a bipolar society that allows for few families to enjoy the unjust excessiveness of wealth while simultaneously forcing the majority to resign themselves to existing poverty and inequality.

Furthermore, the primacy of the oligarchy or family dynasties both in the national government and the national economy have exacerbated the problems of 'soft' state and weak democracy in the Philippines. Under such conditions, political offices, elected politicians, and economic policies have all been consolidated to serve the interests of a political system that is permanently regulated by and for the oligarchy. The oligarchs' deliberate exploitation of ineffectual free trade policies and mechanism has enabled them to maximise their economic wealth and political power despite their undesirable impact on poverty and inequality conditions in the country. By preventing the passage of social-equalising measures, the oligarchic elites are able to limit the distribution of national wealth among them. This highly corrupt patronage culture thwarts the government's people-centric national security model that emphasises a more equitable and inclusive economic development. Without any countervailing force to rectify the system, the oligarchy will certainly adopt policies that will ensure it perpetual and uncontested control over the Philippine political economy.

Finally, although the differences in leadership styles and management methods may have substantial effect on the political outcomes, particularly in countries where political institutions are weak, in the Philippines, however, state power has been transmogrified into a mere apparatus for securing oligarchic rather than the national interests. Despite the government's all-inclusive security slogan that emphasises equitable economic development, nonetheless, its security blueprint faces critical limitations that frustrate such goal. The limits of limits of patrimonial democratisation combined with the limits of one-size-fits-all economic policies have contributed to the country's lacklustre experience with free trade. This in turn has highlighted the multiple failures of the Philippine political economy – from intentions, to theories and negotiations. In the end, the Philippines' linkage attempts have preserved the uneven economic development and further reinforced the oligarchic system and patronage culture.

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